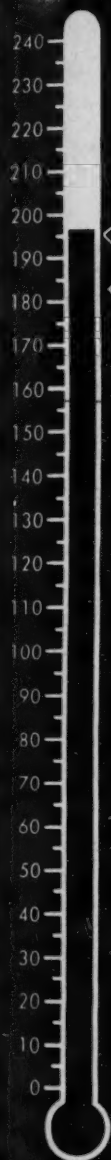


BUSINESS WEEK

AUG. 14, 1948



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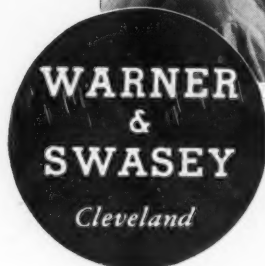
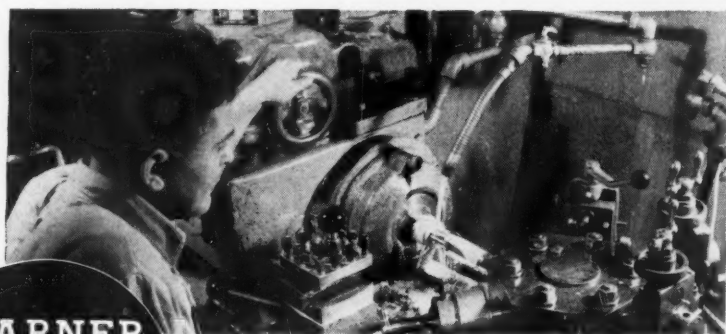
Rex Beisel: Aeronautical engineer administers Chance Vought's overland migration (page 6)

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If every communist knew

what every sane person in a capitalist country knows—the high standard of living which capitalism makes possible, the pride of individual accomplishment, the satisfaction of knowing you can go as far as your own abilities and ambition will take you, the security of justice, the joy of knowing your son can go even farther than you have gone . . . if every communist knew the facts about capitalism, there wouldn't be any communists.



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BUSINESS WEEK • Aug. 14, 1948



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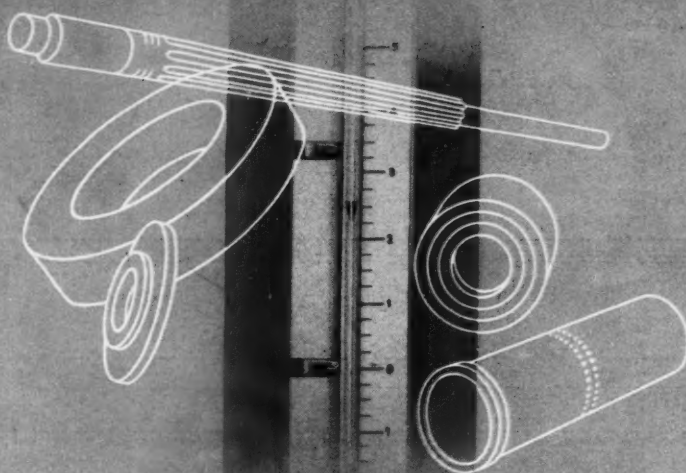
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THE COVER

Since taking over as general manager of Chance Vought Aircraft Division of United Aircraft Corp., aircraft designer Rex Beisel has found himself doing practically everything but designing. When he was promoted to general manager in 1943 at the height of the war, his main task was production. Now his big job is supervising the hundreds of details of his company's mass move from Connecticut to Texas—a job full of problems arising from a subject usually far from an engineer's ken: human relations.

• **The Draftsman**—A Californian by birth (1893), Beisel still acts in a forthright western manner. His employees admire this sturdy, compact man for the way he attacks a problem at hand.

He was graduated from the University of Washington in 1916, after helping to pay his way by working in a coal mine during vacations. Soon afterwards he had launched his career as an airplane designer. As a draftsman in the Navy's Bureau of Aeronautics, Beisel pioneered in designing a small plane for use on the old carrier Langley. In 1923 he took a job with Curtiss Aeroplane & Motor Co. Here his earliest job was designing a Navy racer, which, as a landplane, won the Pulitzer race in St. Louis in 1923. Beisel then designed floats for the plane; piloted by a young flyer named James Doolittle, it won the Schneider Cup race in 1925. Other planes that passed over Beisel's drawing board at Curtiss included a raft of names familiar to aviators of the 1920's and '30's.

• **The Administrator**—United Aircraft hired Beisel in 1931 as assistant chief engineer of its Chance Vought Division. Off his drawing board in 1939 came the famous Corsair, which, with subsequent modifications, is still the company's main production job. Beisel was elected to a vice-presidency of United Aircraft in 1946. As a born westerner, he's pretty sure he's going to get along fine in Dallas.

—Complete story of Chance Vought move on page 24. Cover photograph by Ida Wymore

BUSINESS WEEK • Aug. 14, 1948

BUSINESS OUTLOOK

BUSINESS WEEK

AUGUST 14, 1948



If the government weren't propping up farm prices, the boom might have sagged this week.

The prospect of bumper crops has rocked the commodity markets. Except for government price pegs, all business would have felt the jolt.

The official forecast of the 1948 cotton crop topped all expectations. Dealers and processors were caught unprepared.

And the August report on the corn crop tacked another 200-million bu. on the Dept. of Agriculture's previous estimate. It's certain now that this fall's harvest will set a new record with big wheat and oat crops assured.

Ordinarily, the threat of a surplus in cotton and grains would have touched off a wave of liquidation in the commodity markets. Panic could have spread swiftly to manufacturers and distributors. Heavy inventories in many lines would have tumbled onto the market.

It wouldn't take much of that to knock the boom in the head.

But wheat, corn, and cotton already were selling close to support prices. So the prospect of bumper crops started no panicky liquidation.

Business in general paid no attention.

The Dept. of Agriculture's estimate for the cotton crop is 15.2-million bales. The cotton trade had been guessing around 13.5-million. Last year's crop was only 11.9-million bales.

Domestic consumption and exports will take no more than 12-million bales in the coming year. That leaves some 3-million bales. Add the present carryover, another 3-million bales, and you get a total of 6-million.

That's a lot of cotton to be hanging over the market. It puts us back into a period of surplus—with a vengeance.

It's a safe bet that from now on cotton won't get far above the support price. That means it will sell around 31¢ a lb. Earlier this year it went to 38¢.

Cheaper cotton will give the textile mills room to shave their prices a little. Chances are they will take advantage of it. The textile business has been slow this summer. Some mills are running only four days a week.

But you have to remember that by prewar standards 30¢ cotton still is sky high. And cost of the fiber is only one element in the final cost.

You won't hear any more about a feed shortage after the new corn crop comes in.

The Dept. of Agriculture forecasts a harvest of 3.5-billion bu. That's 1.1-billion above last year's scant crop.

The oats crop—1.5-billion bu.—is close to a record. What's more, it is coming in early. Ordinarily oats is a September harvest. This year's crop is almost in already.

Oats will help ease the feed situation until the corn is ready.

The forecast for wheat now is 1,284,000,000 bu. That puts this year's "miracle crop" only 80-million bu. behind last year's banner harvest.

Altogether the domestic grain crop adds up to over 6-billion bu. Hauling and storing that much grain is a real problem.

Kansas City's public elevators are filled to capacity. And the wheat harvest isn't over by a long way.

The Dept. of Agriculture is pleading for more on-the-farm storage.

The government is speeding up its export program. It will ship all the

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

AUGUST 14, 1948

grain it can this fall. That will make more storage space in the United States.

Government experts are now talking about total exports of 450-million bu. of wheat in the coming year. Previously they had figured on a 375-million top.

Even so, carryover of 250-million bu. or more seems likely.

Export requirements are due for review around year end. Unless European demands run unexpectedly heavy, don't be surprised to see a program for Far East relief come up.

Meat prices are just about at their top now. This is the seasonal low in slaughter.

But real relief in meat supply still is a long way off. It will take the better part of a year to turn the corn crop into pork chops and sirloin.

Meanwhile, slaughterers and feeders will be competing for the same animals.

Bank credit will be tighter from now on. Interest rates will rise moderately.

Secretary of the Treasury Snyder finally has decided to raise the short-term rate on government securities another notch. In October, he will pay $1\frac{1}{4}\%$ for one-year money instead of $1\frac{1}{8}\%$.

This is the first step in the Administration's new campaign to tighten up bank loans. Credit control is all that Congress left of the anti-inflation program Truman submitted to the special session (page 21).

Logically, the next step would be for the Federal Reserve Board to increase bank reserve requirements. Congress gave it authority to add four percentage points to reserve ratios.

But the board may hesitate, at least for a while. Its new power applies only to member banks. It is afraid of driving country banks out of the system.

Reserve Banks will soon boost their rediscount rate. This is the rate they charge member banks who borrow from the federales. Traditionally it is kept a shade above the short-term rate on Treasury securities.

Some big companies will find that the rise in interest rates hits them immediately.

Many banks foresightedly put escalator clauses in the term loans that they have made to business. A typical clause provides that the rate shall be $1\frac{1}{4}\%$ above the Federal Reserve rediscount rate.

When the rediscount rate goes up, interest on these loans jumps, too.

If you have a term loan outstanding, now is a good time to read the fine print.

The steel industry is headed for a new production record this year. Output of finished steel in the first six months hit 33-million tons.

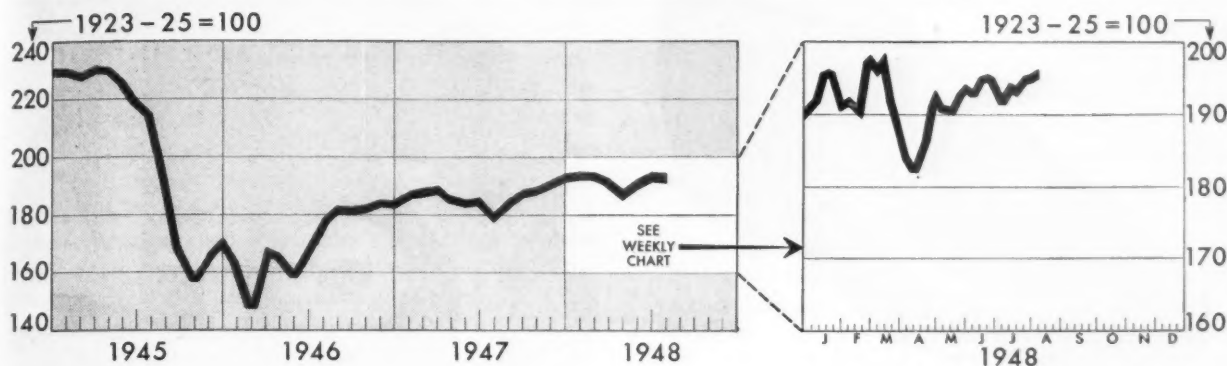
If the steel mills hold that pace through the second half, they will come out well ahead of all previous tops. The wartime high was in 1944. Production got up to 63,251,000 tons then.

But steel consumers aren't going to find life any easier.

Demand is higher than ever. And the voluntary allocation programs are beginning to take a sizable bite out of production.

Allocations—either settled or proposed—now cover about 5.3-million tons annually. That's about 8% of total output. And there are several other big programs still in the works.

FIGURES OF THE WEEK



Business Week Index (above) *196.1 †195.5 194.4 183.9 162.2

PRODUCTION

Steel ingot operations (% of capacity)	94.9	94.2	90.8	93.2	97.3
Production of automobiles and trucks	110,313	†113,270	98,700	79,452	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$25,227	\$22,403	\$26,803	\$16,782	\$19,433
Electric power output (million kilowatt-hours)	5,319	5,352	4,760	4,874	3,130
Crude oil (daily average, 1,000 bbls.)	5,505	5,455	5,480	5,105	3,842
Bituminous coal (daily average, 1,000 tons)	2,068	†2,042	617	1,950	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	81	78	81	85	86
All other carloadings (daily average, 1,000 cars)	68	69	45	68	52
Money in circulation (millions)	\$27,922	\$27,821	\$28,142	\$28,206	\$9,613
Department store sales (change from same week of preceding year)	+7%	†+8%	+28%	+1%	+17%
Business failures (Dun & Bradstreet, number)	116	98	88	60	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100)	428.1	433.2	433.6	424.5	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)	281.1	283.2	275.3	270.0	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)	354.8	364.1	383.4	372.6	146.6
Finished steel composite (Steel, ton)	\$93.55	†\$93.55	\$80.27	\$75.41	\$56.73
Scrap steel composite (Iron Age, ton)	\$43.16	\$43.16	\$41.00	\$40.42	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)	23.215¢	†23.215¢	21.500¢	21.500¢	12.022¢
Wheat (Kansas City, bu.)	\$2.12	\$2.16	\$2.22	\$2.29	\$0.99
Sugar (raw, delivered New York, lb.)	5.79¢	5.78¢	5.70¢	6.32¢	3.38¢
Cotton (middling, ten designated markets, lb.)	31.75¢	32.52¢	34.45¢	35.16¢	13.94¢
Wool tops (New York, lb.)	\$1.784	\$1.858	\$1.972	\$1.680	\$1.281
Rubber (ribbed smoked sheets, New York, lb.)	24.80¢	24.95¢	23.73¢	15.01¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.)	126.4	126.7	133.7	122.6	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's)	3.42%	3.40%	3.36%	3.16%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's)	2.84%	2.83%	2.80%	2.55%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	1½%	1½%	1½%	1½-1½%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	1½%	1½%	1½%	1%	1-1½%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks	46,777	46,839	46,247	46,809	††27,777
Total loans and investments, reporting member banks	63,168	63,083	62,606	63,629	††32,309
Commercial and agricultural loans, reporting member banks	14,627	14,490	14,403	12,092	††6,963
Securities loans, reporting member banks	1,540	1,732	1,891	2,095	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	35,023	34,870	34,431	38,735	††15,999
Other securities held, reporting member banks	4,341	4,354	4,243	4,232	††4,303
Excess reserves, all member banks	780	840	950	741	5,290
Total federal reserve credit outstanding	21,897	21,723	22,243	22,211	2,265

*Preliminary, week ended August 7th.

†Revised.

††Date for "Latest Week" on each series on request.
 ††Estimate (B.W.—Jul. 12/47, p. 16).

York "sells"



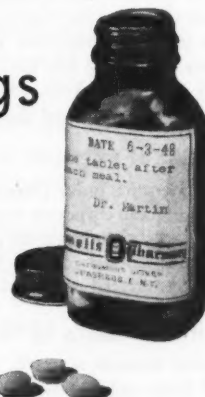
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Beverages



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WASHINGTON OUTLOOK



WAR WON'T COME over Berlin. That's the conclusion our Ambassador Bedell Smith sends back from the Moscow talks with Stalin and Molotov. This reassurance is the first fruit of the decision to take the Berlin problem direct to the Kremlin.

You'll recall that we reported two weeks ago (BW-Jul.31'48,p15) that the first objective of the western powers was to smoke out Stalin's real intentions: Was he really trying to drive the West out of Berlin, or was he mainly pressuring for another big conference on Germany?

After last week's talk with Stalin, Ambassador Smith told Washington: The Russians want us out of Berlin all right, but not enough to go to war over it.

So, the talks are continuing between the western diplomats and Molotov. They are leading up to a full-dress conference on the whole German question—perhaps as early as next month.

Actually, the decisions on Germany are being hammered out now, in the secret talks at Moscow—decisions on things like reparations, currency, the Ruhr (page 99).

That means that unless the secret negotiations bog down, the big formal conference will start with an area of agreement already blocked out. Thus, a new conference would start with a better chance of getting somewhere than the ill-fated four-power talks of last year.

The West German government that the U. S., Britain, and France have been manufacturing at Frankfurt is on the shelf—certainly until after a Big Four conference, possibly forever.

Molotov makes this a condition for lifting the Berlin blockade. He sees the Frankfurt government as a pistol at his head, just as Washington sees the Berlin blockade as a pistol at its own head.

And our State Dept. realizes you can't go ahead splitting Germany politically while you're debating German unification.

Also, from a practical viewpoint, Gen. Clay would like even a temporary reopening of surface traffic into Berlin; the instant he can move he's ready to jam the city's warehouses with a stockpile of fuel and food. The idea: Clay never wants to be so vulnerable again.

JOHN FOSTER DULLES has had a big share in the marked change of tone and of style in

U. S. dealings with Russia over the last few weeks.

A month ago, U. S. policy-makers felt—and acted—as if they had been backed into a corner at Berlin. They were defiant, desperate (BW-Jul.24 '48,p15).

Today you see a smooth diplomatic operation which seems to be getting both Molotov and Marshall off the hook, without anyone losing face.

Since the Republican convention, Dulles—acting for Dewey—has joined Vandenberg in working closely with Under Secretary Lovett at the State Dept.

Dulles has borne down on the necessity for getting clear of an untenable position in Berlin—short, of course, of a backdown. He's getting credit for the new professional touch: private diplomatic give-and-take instead of belligerent notes and public statements.

DEMOCRATS WILL BREAK THE NEWS to western voters just before election that some of their reclamation projects will have to be shut down for lack of funds.

The early shutdown trick was used by Secretary of Interior Krug's boys to pressure more money last year out of a G.O.P. Congress. Republicans voted record funds this year, but Krug is spending it even faster.

This time the purpose is to embarrass some G.O.P. congressmen in the middle of a campaign. The first projects to go down are Boysen in Wyoming, Heart River and Angostura in the Dakotas.

A NEW TWIST in congressional investigations is Sen. Capehart's "advisory council" on the basing-point problem.

He has recruited a labor union man, a couple of farm people, a couple of economists, and 30 top business executives to tell him what Congress ought to do about the Supreme Court's Cement Institute decision outlawing basing-point pricing.

Council chairman is Dr. Milton T. Copeland of the Harvard Business School. The members are scheduled to hold three or four ivory-tower sessions, come up with a formal report next year.

Capehart's congressional committee will hold conventional hearings—starting after the elections are out of the way—to tap grass-root opinions from buyers and sellers around the country.

• The FBI has a list of 144,000 names of Communists and sympathizers it plans to pick up im-

WASHINGTON OUTLOOK (Continued)

mediately in case of war. That's about twice the present membership of the party. . . .

- Senate Republicans, including Finance Committee Chairman Millikin, already are talking about more tax cuts next year. They are setting their sights on an early '49 revision downward in excises. But don't count your chickens yet; Dewey people aren't committing themselves on taxes.

GIDEON'S ARMY-1948

The polls all show Henry Wallace's potential vote for president slipping since the conventions. It stands now at around 4%—something less than 3-million votes.

But Wallace's vote is not the real measure of the effect the new Progressive Party will have on the November elections.

It's in the congressional districts that the third party will have its practical influence. And, according to the Gallup poll, the Republican-Democratic fight for control of the House is a standoff now.

Already, there are 100 Wallaceites contesting for seats in Congress; three, for the Senate.

There will be more of them before the ballots are printed. The 100 a.e. concentrated in 12 key states, although Wallace is already on the presidential ballot in 22 states.

Democratic dreams of winning control of the Senate are especially hit by entry of Wallace candidates in Illinois and Minnesota—two of the states the Democrats have to capture to overturn the four-seat G.O.P. margin.

Wallace candidates, of course, are bidding for the same voters the Democrats are looking for.

Not only are the Wallace people bidding for Democratic votes; they are concentrating on New Deal voters. You can see it in this pattern: The Progressives are entered, by and large, in districts held by New Dealers with pro-labor, pro-Marshall Plan records.

Examples of the Democratic targets of such Wallace tactics: Representatives Helen Gahagan Douglas and Chet Holifield in Los Angeles; John Lesinski in Detroit; Edward Garmatz in Baltimore; Adolph Sabath and William Dawson of Chicago; Sol Bloom in New York.

Will Wallace elect anybody to Congress?

He has two men in the House now—Marcantonio and Isacson of New York; they're running again. Wallace's best chances for picking up per-

haps a couple more seats are in New York and California.

Here are the states where the Wallace people are already entered:

California—Wallace candidates are entered in 12 of the 23 districts.

Connecticut—A full slate of Progressive candidates.

Illinois—Wallace's effect here will be to reelect G.O.P. Senator Curly Brooks; New Dealer Paul Douglas had a chance until he had to split his vote with Prof. Curtis McCullough of Northwestern University.

Indiana—Wallace men are opposing nine G.O.P. incumbents. They are leaving a clear field to New Dealer Ray Madden of Gary. (Madden hasn't said nasty things about Wallace the way Helen Douglas has.)

Maryland—Three candidates entered; big effort is to beat Garmatz, for whom Phil Murray personally campaigned last year to make a Taft-Hartley test case on union political activity.

Michigan—Progressives are invading the Democratic primary here; even Republicans think they can spot a few Wallaceites on their ticket.

Minnesota—Progressives are running a dummy candidate against Mayor Humphries in the Democratic senatorial primary; after this dummy candidate is beaten, ex-Gov. Benson will file as a Progressive, cut deep into Humphries' chances against Joe Ball.

Missouri—Progressives are contesting four of the 13 districts in Truman's own state.

New Jersey—Wallace men are staying out of the Hague territory but running in the rest of the state and for U. S. senator.

New York—A.L.P. is the Wallace party; it has candidates in 32 districts, including such headline names as Lee Pressman and Rockwell Kent—plus, of course, Marcantonio and Isacson.

Oregon—Wallace has put up Mrs. Evans Carlson, widow of the Marine raider general.

Pennsylvania—Seven candidates, concentrated in Philadelphia and Pittsburgh; one will help reelect Rep. Hugh Scott, G.O.P. National Chairman.

Washington—Leftist ex-Rep. Hugh De Lacy is running for his Seattle seat against ex-Sen. Hugh Mitchell, who is backed by Truman Democrats. Wallace is also opposing the only sitting Democratic representative, pro-labor Henry Jackson.

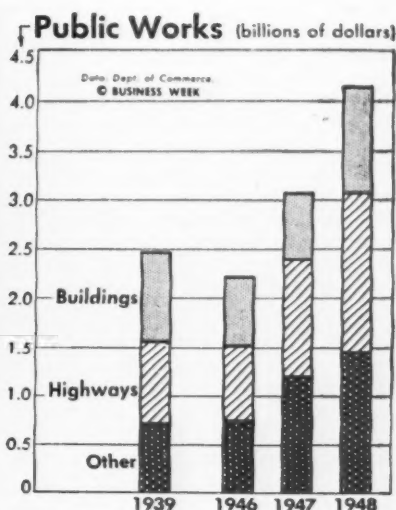
Wisconsin—Nine candidates led by Edmund Bobrowicz, whom the Democrats repudiated as pro-Communist in '46 after he had won the party nomination.



Highways and . . .



Schools have helped lift . . .



Spending for public works

Public Construction Headed for Peacetime Record

Federal, state, local governments will spend \$4,150,000,000 on public facilities in 1948, even more in years to come.

If your state and local taxes are going up, here's one good reason: Public construction will reach a new peacetime high this year. Last week the Dept. of Commerce estimated that about \$4,150,000,000 will be spent in 1948 for new construction by the federal government, states, cities, counties, and other public authorities. That means that the building of schools, highways, hospitals, and other public facilities will probably be a bullish factor in the U. S. economy for as many years as anyone cares to count.

• **What's Needed**—One economist estimates that it would take a total of about \$120-billion, at the 1947 cost level, to bring public facilities up to what he considers reasonable standards.

Another study estimates that about \$18-billion should be spent on public construction from 1946 through 1950. (In the first three years of this period we will actually spend about \$9.4-billion.) According to the same study, about \$27-billion should go into public construction during the decade 1951-1960.

Federal officials expect the volume of public construction to be 10% to 20% higher in 1949 than this year. That would mean \$4.5-billion to \$5-billion, assuming cost levels stay the same.

• **Costs Up 35%**—The \$4,150,000,000 estimate for 1948 is itself a jump of

about 35% over actual public construction costs in 1947. The prewar peak for public building: \$2,778,000,000 in 1930. But construction costs then were about half what they are now, according to the cost index of Engineering News-Record, a McGraw-Hill publication.

Since the war, the ratio of public construction to total construction has remained about the same. In 1946, it was 21%; in 1947, 22%. The 1948 estimate is about 23%.

• **Expansion Now**—High costs (and material shortages) are discouraging public construction now. Just the same, cities and states are doing a lot of essential construction right away. They are, of course, having trouble getting cash. Federal money is available for highway, airport, and hospital grants, but the local governments find it hard even to raise money to match these federal grants.

Because of rapid rises in costs, bond issues voted in recent years for specific improvements won't pay the bills today. So officials either have to redesign the project to fit today's prices, or go back to the voters for more money.

• **Help Needed**—Over the long pull, the cities just aren't going to get the money out of their own tax resources for all the projects they desperately need—let alone the ambitious proposals they talk about. The states—and more significantly the

federal government—will have to help them out of their broader tax bases.

A Business Week survey of three cities sketches in some details of this picture:

I. Los Angeles

California has grown faster since 1940 than any other state (page 22), and Los Angeles, its biggest city, has increased its population more than any other city.

Local estimates indicate that the population has risen about 500,000, or 33%, since 1940. Says Mayor Fletcher Bowron: "It's like dumping a Cincinnati or a New Orleans in our midst."

• **Huge Program**—This city just can't wait for costs to drop before launching a huge building program. So the municipal government is building a \$31-million sewage treatment plant. And if another \$10-million can be raised, a second plant will be built. Estimated costs of the entire project have more than doubled since 1945.

The revenue-producing Dept. of Water & Power has a big program under way. Two water projects totaling about \$6-million are now under construction. The department is also spending about \$4-million a year on preparatory work for a huge hydroelectric project at Owens Gorge, 200 miles away. Bonds for \$41-million have been approved for this, but the whole project will cost much more.

• **Power Plans**—About \$11.5-million is being spent this year on an expansion

of Los Angeles' Wilmington steam power plant, now overburdened by heavy demands for electricity. The full expansion is expected to cost about \$40-million, and will more than double plant capacity. Low-interest revenue bonds on the water and power projects have so far drawn a ready market.

A \$3-million jail, for which funds are in hand, will start off an \$18.3-million police department program. Bonds have been issued for 30 new fire stations at \$150,000 apiece. Fifty school projects totaling \$8.8-million are under way; 68 more are authorized. The Los Angeles Board of Education raised \$75-million from bonds in 1945. This money was supposed to last 10 years, but is expected to run out by 1950-1951.

II. Baltimore

Although a much older city than Los Angeles, Baltimore also has its growing pains. Population has increased about 16% since 1940, is now about 1-million by local estimate.

Construction is now under way on a large airport which will cost about \$13.5-million after completion next year. Money is being raised by bonds.

• **Schools Lag**—However, Baltimore's badly needed school building program hasn't started yet. The average school class in Baltimore is now 41, said to be highest for large U. S. cities. Bonds have been authorized for \$20-million, but only \$1.2-million has been needed so far because of lagging construction. Several projects are expected to get going by the end of the year. The main reason for delay, according to the school board, is the steel shortage.

There is a \$15-million street repair program under way, which will take three years to finish. Last week, Mayor Thomas D'Alesandro charged that paving contractors were making profits of from 22% to 48% on city contracts.

A 17-mile tunnel is being built to tap the Patapsco River northwest of the city and bring water into the main filtration plant. The whole project is estimated at \$19.7-million, financed by a bond issue.

III. New York

This city hasn't grown much since 1940; the present population of 7.9-million, as estimated by the Dept. of Health, is up about 6% from 1940. But the population of the metropolitan area has grown about 17% during the same period. It's now estimated at about 13,580,000. Nearly 400,000 commuters come into the city daily to work.

New York presents on a huge scale the problems of U. S. cities that can't raise enough money through taxes to provide essential public works. State and federal highway grants take some of the pressure off the city finances. So

does the work of the Port of New York Authority and the Triborough Bridge & Tunnel Authority, which are self-sustaining organizations.

• **\$3-Billion in Plans**—Public construction planned for the next few years by all government agencies in New York City totals \$3,250,000,000.

The city itself will spend about \$250-million this year. About \$50-million will go toward developing the Delaware water system; \$30-million to hospitals; \$40-million toward repairing the transportation system; and \$24-million to schools.

• **Work of Authorities**—The Port Authority has leased LaGuardia and Idlewild airports from the city for 50 years. It has just sold its first issue of \$30-million of airport revenue bonds. The authority plans to spend about \$250-million between now and 1960 in developing these two fields, as well as the Newark (N. J.) airport.

The Housing Authority is backed by city and state funds. Some of its projects are rented for lower than cost, subsidized out of this money. Others will be self-supporting. Within six months, 14 projects will be under construction, to provide 50,000 dwelling units and cost about \$186-million.

IV. The Nation

To shift back to the national scene: What would be the role of public works in a business slump?

There surely would be another Public Works Administration—a federally supported effort to prop up and expand the building industry by awarding jobs to going business concerns.

If they got plans and specifications for quick advertising, bidding, and award of contracts in another depression, contractors might expand a shriveled construction labor force to 2.4-million—or even 3-million. But the industry couldn't sop up millions of unemployed from other fields.

• **Advance Planning**—In 1945, the federal government started an "advance planning program" to spur completion of state and local public works plans. Reason: It expected a recession after cancellation of war contracts. Plans were completed for about 3,660 projects, with a total estimated cost of \$832-million. Congress shut down the program in 1947, since no recession developed.

Federal Works Agency officials estimate that, altogether, blueprints have been completed for about \$4.5-billion in projects. They believe that there should always be an active backlog of completed plans for about \$5-billion worth of projects to keep public construction going constantly. And they think that there should be finished plans for about \$6,250,000,000 of postponable projects, to be used in time of depression.

Apple Trading

Futures contracts on Winesaps and Delicious varieties from Washington state will begin on Aug. 16.

A trader on the Chicago Mercantile Exchange last week cracked: "Wonder what would have happened to the human race if Eve could have bought a futures contract instead of dealing with the serpent on a spot basis?"

Occasion for the gag: the start on Aug. 16 of trading in apple futures contracts on the Mercantile Exchange.

• **Two Varieties**—Trading in the new futures will be limited to two apple varieties: Washington state Delicious for October and January delivery, and Washington state Winesaps for December and February delivery. The exchange chose the two varieties because: (1) They are commercially the most important apple varieties; and (2) they keep better in storage than most other apples.

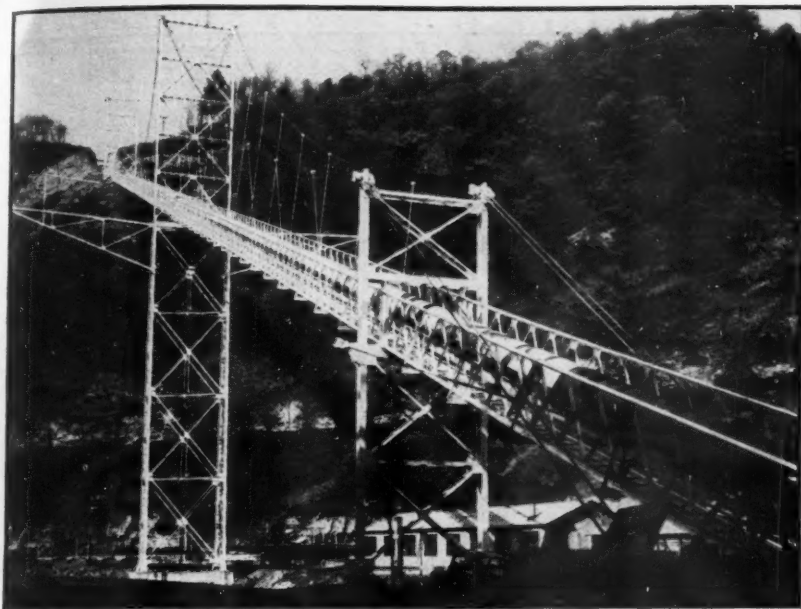
Normally Washington state Winesaps and Delicious apples amount to more than one-quarter of total U. S. commercial apple production. Last year Delicious apples made up 22% of the national apple crop; of these, 73%, or 17.9-million bu. of the 24.4-million bu. national Delicious crop came from Washington. Winesaps made up another 11% of the national crop. Of a total Winesap crop of 11.9-million bu., 9.8-million bu., or 82%, were Washington-grown.

• **Winter Apples**—Both varieties are winter apples, harvested in the late fall. A large percentage of the crop is packed for storage, held for sale in the winter and spring. It, thus, takes a long time for apples to get from orchard to teacher.

Trading rules established by the exchange set up maximum tolerances for allowable decay and condition defects on delivery, and allowance for defects and decay in excess of the tolerances. Only the two top U. S. grades in each variety will be traded.

• **Hedging Expected**—Exchange officials expect that trading in the new futures will be small to start. But they believe that growers, dealers, and big buyers will use the futures market to hedge against price fluctuations on apples they hold in storage.

Competition from the big commission houses—who now handle a large part of the apple crop on consignment—is expected to be keen. And large growers' associations which market the apple crop for groups of growers will keep a close watch on development of the futures market to see how it will affect them.



Suspension Bridge Holds Conveyor Belt

Getting a conveyor belt to run over this gorge was a problem for U. S. Coal & Coke Co., Gary, W. Va.—until this unusual suspension bridge was thought of. Goodyear Tire & Rubber Co. built the belt, which

carries refuse from the U. S. Steel subsidiary's coal-cleaning plant in the valley to a spoil pile over the hill 1,500 ft. away. The belt is shielded against the weather by a metal hood.

Congress Votes for —flation

Housing bill is mildly inflationary, credit curbs a little deflationary. Neither will have much effect on general price level. It will cost businessmen a bit more to borrow money.

The special session of Congress that wound up last week enacted a two-part legislative program with a split personality. Half of it is mildly inflationary. The other half is mildly deflationary. So the net effect on inflation will be just about zero.

• **What They Mean**—Here is what the two new laws—one on housing, one on credit control—will mean:

IF YOU ARE A BUILDER, you will find it easier to get government-guaranteed mortgage money on certain projects.

IF YOU ARE LOOKING FOR AN APARTMENT, you may find it easier to get one—next year.

IF YOU WANT TO BORROW MONEY, you will have to pay a somewhat higher interest rate. And you may find your bank more reluctant to make the loan.

IF YOUR BUSINESS DEPENDS ON INSTALLMENT SALES, you may have to tighten up your terms a little.

IF YOU HAVE BEEN GIVING EASY CREDIT

in an effort to step up business or meet competition, you will have to stop.

IF YOU ARE A BANKER, you may have to sell some government securities and slow down on loans to business for a while.

IF YOU ARE AN ORDINARY CONSUMER with an eye on the prices of the things you buy, you won't notice any difference.

• **Higher Reserves**—On the deflation side, you can count the bill giving the Federal Reserve Board authority to boost the required reserves of all member banks. This is a long way from the sweeping anti-inflation powers that President Truman asked of Congress. But at midweek he was expected to accept it—with a bitter protest.

At present, bank reserve requirements against demand deposits are 14% for country banks, 20% for the so-called Reserve City banks, and 24% for New York and Chicago banks. The Reserve Board has the power to add another 2% to New York and Chicago require-

ments, but other reserves are already up to the limit.

• **Amounts of Boosts**—The new law will give the board power to increase reserves against demand deposits by four percentage points. That would make the maxima 18% for country banks, 24% for Reserve Cities, and 30% for New York and Chicago. The board also would have authority to add 1½% to reserves against time deposits (now 6%), making them 7½% at the maximum.

There is still some question whether the Reserve Board will use its new power at all. It wanted the new requirements to apply to all banks, not just to the members of the Federal Reserve System. Congress wouldn't go this far, so the law covers only member banks.

• **Danger**—The board is afraid that when it puts on the squeeze some country banks will quit the system. Most bankers think that it will take the chance and make what it can of its new powers. But it is sure to move carefully and give the banks plenty of time to make adjustments.

When and if the board does raise requirements, there won't be any liquidation of business loans. The Federal Reserve banks are committed to support the government bond market at par. Member banks can get all the additional reserves they need simply by selling some of their government securities. This will take a lot of the deflationary sting out of anything the board does.

• **Bankers' Moves**—A Business Week survey of banks in various parts of the country shows that a typical banker will do something like this if the board hikes requirements:

He will sell enough of his government securities to make up part of the additional requirements. He will also use what excess reserves he may have on hand now. For a while anyhow, he will slow down on new loans and investments. He may even let his loan portfolio run down a little through ordinary repayments. But he will not put the pressure on borrowers to repay. And he won't turn down credit applications from good customers.

This is just about the general reaction that Federal Reserve experts are looking for. They don't intend to force any contraction of bank credit. All they want is to slow down the expansion.

Interest rates on bank credit have begun rising already as a result of the Treasury's decision to raise its short-term rate (page 10). As the board boosts reserve requirements, rates probably will edge up a little more.

• **Small Increase**—As far as the general inflation is concerned, bank loans have not been an important factor in the past six months. Total loans of commercial banks increased only \$1.5-billion in the first half of 1948. But the experts think

that another big expansion is about to get under way. That they want to stop.

The new law will give the Reserve Board power to regulate terms of installment sales. But this probably won't have much effect on prices either.

• **Regulation W Back**—The board will take its old Regulation W out of mothballs as soon as it can. Curbs will be applied to all installment purchases except those under \$50 and those over some ceiling figure.

The required down payment will be one-third of the purchase price—except for furniture, which will probably be one-fifth. However, the board probably won't put a 15-month limit on credit, as under Regulation W. That would get it in Dutch with the auto trade. An 18-month limit is more likely.

Charge accounts won't be affected by consumer credit controls. The board thinks the expansion in this area is over.

• **Who's Hit**—Most of the retail installment credit that is being extended now will qualify under the new regulation without much trouble. But some lines will have to take in their sails—radios and jewelry, for example.

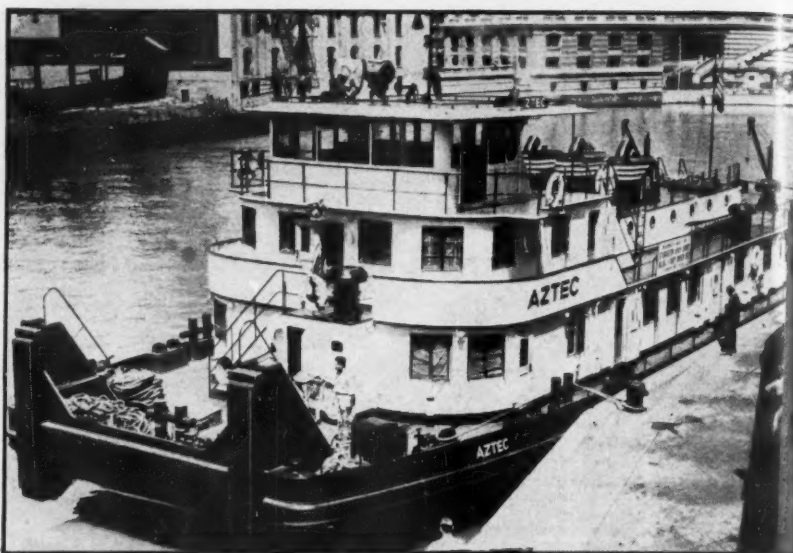
As a matter of fact, credit jewelers at their recent convention (BW—Aug. 7 '48p48) acknowledged that credit is one hypo that keeps the customers buying. A similar situation could develop here and there in other types of merchandise. Today it's increasingly hard to compete on price alone—prices and costs being what they are. Competition in length of installment terms is one handy substitute. When that's knocked in the head, the retailers using it might naturally get a bump.

• **Housing**—The new housing bill, inflationary in effect, eventually may mean more building in some areas.

The most important point in the new law is revival of rental housing mortgage insurance under Title VI of the National Housing Act. This died on Apr. 30, when Congress failed to renew it. Now the Federal Housing Authority gets authority to insure \$800-million worth of new mortgages until Mar. 31, 1949. This time, the authority applies only to projects built for rent. The mortgage is limited to 90% of replacement cost, figured on the basis of building costs in the particular locality on Dec. 31, 1947.

• **Guarantees**—FHA is authorized to guarantee loans for states, cities, and non-profit corporations. These mortgages are limited to 80%-90% of the value of the completed property in special cases, and 95% for veterans' co-ops. Cost limit is \$8,100 a dwelling unit, or \$1,800 a room.

The bill also provides a yield insurance program for an investor. This would guarantee a 2½% return on the investment, provided he sets rents to yield no more than 3½% on his money.



High-Powered Towboat for Inland River Hauls

This proud new towboat will soon be churning up the waters of the Mississippi, Missouri, and Ohio. Built by Sturgeon Bay (Wis.) Shipbuilding & Drydock Co., it will be one of the most powerful towboats

ever to ply the Great Lakes and inland rivers. That's because it's powered with three 1,800-hp. diesels. The operator, Indian River Lines, has the vessel insured at \$500,000.

More Fuel This Winter

Heavy demand will still threaten supply, but the outlook has brightened. Coal stocks are up; transportation facilities for fuel oil have improved; there are more pipelines for natural gas.

Most Americans will be warmer this winter than last—even though the odds are that some of them won't be so warm as they would like. The fuel picture is much improved over this time last year (BW—Jul. 3 '48,p24); but with continued transportation shortages and ever-rising consumer demand, there's always the threat of a pinch on the householder and industrial user.

The outlook for coal is the brightest of all three basic fuels. In fact, the coal picture looked so good to the government this week that it took allocation controls off coal exports. Since V-E Day, there have been curbs on coal shipments to the rest of the world. After Sept. 1, the lid will be off coal exports entirely.

For fuel oil, prospects are considerably better than they have been. For natural gas they are improving, but not too bright. Here is a closer look at all three:

• **Coal**—Though some qualities are in tight supply, no one will be seriously lacking in coal this winter—barring a transportation tie-up. As of July 31, coal stocks in the hands of consumers were 58-million tons, enough to last 45 days. Of this, 1.8-million tons (a nine-day sup-

ply) was in the hands of retail dealers. The industry is geared for top production. Delivery will keep ahead of demand—unless (1) the Ohio River, an important coal artery, freezes over, or (2) other commodities draw too heavily on open-top freight cars.

This assumes of course that the one big imponderable—John L. Lewis and his United Mine Workers—doesn't cause a stoppage.

• **Fuel Oil**—Production of fuel oil this year is up roughly 10% over last year—against a demand increase of a little less than 10%. Prospects are better, but officials point out there will still be need for consumer conservation. However, stocks on hand as of July 31 present a much improved picture over the same time last year. Here are the figures, in millions of barrels:

	1947	1948
Distillate Fuel	34	42.5
Kerosene	16	20
Heavy Residual Fuel Oil	25	28.75

Demand for distillate fuel oil, kerosene, residual fuel oil shows increases this year over last of 15%, 16%, and less than 5%, respectively. Delivery capacity is also up over last year; more pipelines

and a bigger fleet of tank cars are the answer. Another thing to keep in mind: If blizzards or the like cut deliveries and cause temporary shortages, there is an industry organization already formed to handle such emergencies. Also, states are better prepared to act with a whole year of experience behind them.

• **Natural Gas**—The two areas hit hardest last year by natural gas shortage, the Appalachian and certain Midwest areas, will get bigger supplies this winter.

The Appalachian region—including New York, Pennsylvania, Kentucky, West Virginia, and Ohio—is scheduled to have 20% more than in 1947. Improved pipeline capacity and bigger storage facilities are the reason. Texas Eastern Transmission Corp., through the Big and Little Inch lines, plans to raise deliveries sometime this winter to 500-million cu. ft. a day to the Northeast—against a maximum last winter of 200-million. Tennessee Gas Transmission Co. plans to be delivering about 600-million cu. ft. daily by the end of 1948, against 300-million in 1947 (BW—Aug. 7'48, p26). Both companies are adding more and more compressor stations along their lines, as well as running parallel loops to increase delivery rates.

Delivery rates in Midwest areas will be up 10% to 15%; but here, as elsewhere, expansion programs are hampered by a bad shortage of large steel pipe. A favorable factor for the Midwest is that new Michigan storage fields (operated by Michigan Consolidated Gas Co. and Michigan Gas Storage Co.) are receiving gas for storage in quantity for the first time. Gas produced in the warm months is pumped into old wells, to be withdrawn later. These fields won't be full when winter's first cold weather hits, but gas on hand will take some of the sting out of the really chilly weather.

BARGAIN IN CUBAN SUGAR

The Commodity Credit Corp. made a deal last April to buy a million tons of Cuban sugar at 4¢ a lb.—F.A.S. (free alongside ship) Cuba. This week it began to look like a real bargain for the U. S.

Cuba took the deal, at nearly half a cent below its going rate, to grab a market for a record crop (now figured at 6.7-million short tons). But the market troubles Cuba looked for (BW—Jun. 12'48, p10) haven't materialized. Mainland cane yield has been poor; Europe's 1947 sugar-beet crop was off; Pacific and Far East output—India excepted—is way below prewar. Result: a Cuban market price still above 4¢.

The Dept. of Agriculture has raised its estimate of U. S. domestic sugar requirements for this year from 7-million to 7.2-million tons. With recent boosts, Cuba's share is now 2.8-million tons.

How U. S. Population Has Grown, by States

	1947 Population Estimate	Percent Change From '40		1947 Population Estimate	Percent Change From '40
Ala.	2,834,000	0	Neb.	1,284,000	- 2.4
Ariz.	644,000	+29.1	Nev.	139,000	+26.4
Ark.	1,913,000	- 1.8	N. H.	534,000	+ 8.6
Calif.	9,812,000	+42.1	N. J.	4,627,000	+11.2
Colo.	1,144,000	+ 1.8	N. M.	547,000	+ 2.9
Conn.	1,974,000	+15.5	N. Y.	14,165,000	+ 5.1
Del.	291,000	+ 9.1	N. C.	3,698,000	+ 3.5
D. C.	861,000	+29.8	N. D.	541,000	-15.7
Fla.	2,328,000	+22.7	Ohio	7,675,000	+11.1
Ga.	3,138,000	+ 0.5	Okla.	2,284,000	- 2.3
Idaho	525,000	+ 0.1	Ore.	1,545,000	+41.8
Ill.	8,397,000	+ 6.9	Pa.	10,512,000	+ 6.2
Ind.	3,835,000	+11.9	R. I.	745,000	+ 4.4
Iowa	2,591,000	+ 2.1	S. C.	1,951,000	+ 2.7
Kan.	1,925,000	+ 6.9	S. D.	578,000	-10.2
Ky.	2,780,000	- 2.3	Tenn.	3,091,000	+ 6.0
La.	2,544,000	+ 7.6	Tex.	7,104,000	+10.7
Me.	885,000	+ 4.5	Utah	640,000	+16.3
Md.	2,139,000	+17.4	Vt.	366,000	+ 1.8
Mass.	4,635,000	+ 7.4	Va.	2,999,000	+12.0
Mich.	6,069,000	+15.5	Wash.	2,357,000	+35.8
Minn.	2,888,000	+ 3.4	W. Va.	1,882,000	- 1.0
Miss.	2,096,000	- 4.0	Wis.	3,247,000	+ 3.5
Mo.	3,903,000	+ 3.1	Wyo.	265,000	+ 5.5
Mont.	488,000	-12.8	U. S. Total	143,414,000	+ 8.9

Population of the West spurts

Horace (go west, young man) Greeley would have gloated over the new population figures that the Bureau of the Census put out last week. They show:

ESTIMATED U. S. POPULATION OF 143,414,000 on July 1, 1947—up 8.9% since the last census in 1940. ("Total" means everybody in the nation, civilian and military—but not armed forces overseas.)

ENORMOUS GAINS IN THE WEST—both absolutely and percentagewise. This area had an increase of 4,224,000—or 30.4%.

• **Role of the Stork**—For the nation as a whole, the increase in population is easy to explain: more births than deaths. Immigration—once America's big population builder—has petered out as a factor of any importance.

For the West, part of the big gains may have come because of migration from the South and some of the Missouri River basin states. The Census Bureau can't put tags on people like wild ducks and find out how they moved around in the U. S. But net migration figures seem to indicate that the South especially is a big contributor to the West.

In 1940-41, the South had a net annual out-migration of 191,000; during the war, 492,000; postwar, 395,000. The West meantime had average annual migration gains of 408,000 in

1940-41; 514,000 during the war; 167,000 postwar. The North Central states had a net out-migration through the war, but have been in the plus column since then. The Northeast region has gained through migration during and since the war.

• **Regional Gains**—Despite these shifts, no major region of the U. S. lost in population between 1940 and 1947. New blood came fast enough most everywhere to make up for migration losses. Thus:

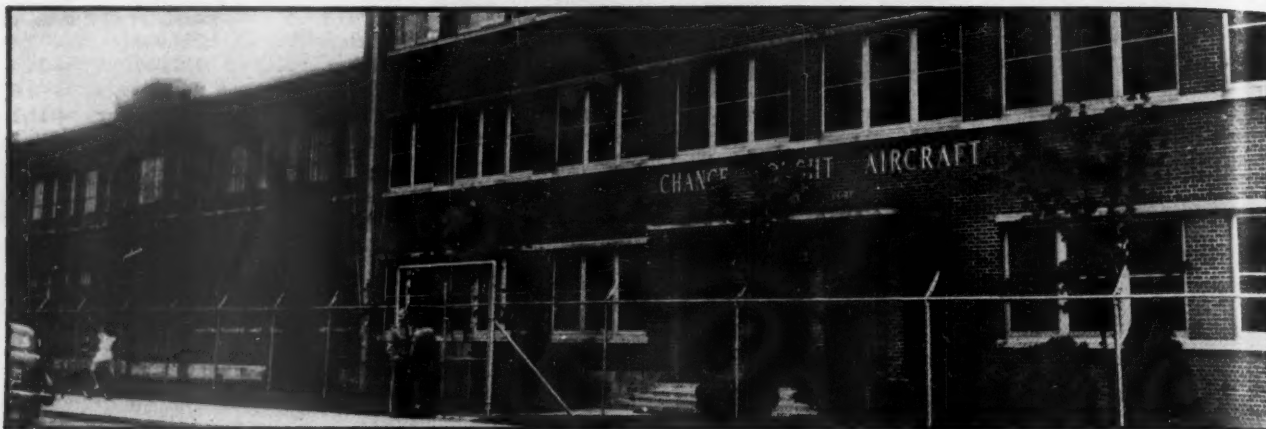
	Increase 1940-47	% Increase
Northeastern States ...	2,465,000	+ 6.9
North Central	2,789,000	+ 6.9
The South	2,266,000	+ 5.4
The West	4,224,000	+30.4

• **California on Top**—By states, the biggest single gainer was California, which picked up 2,905,000 in the seven-year interval. That makes it the third biggest state in the union—behind New York and Pennsylvania. Prewar, the rank was New York, Pennsylvania, Illinois, Ohio, California.

Other non-Western spots that gained population at a fast clip: District of Columbia, Florida, Texas, Virginia, Maryland, New Jersey, Connecticut, Ohio, Michigan, Indiana.

Incidentally, the spectacular gains in the West had one glum spot—Montana, which lost almost 13% in population.

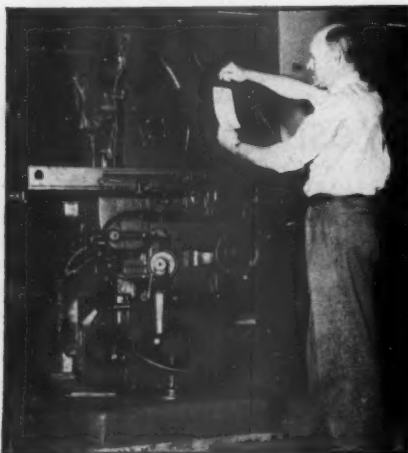
AIRCRAFT



1. From Connecticut

To get away from concentrated coastal area, Chance Vought Aircraft Division of United Aircraft Corp. in a move prompted by national defense, is abandoning its many-times-expanded plant at Stratford, Conn.

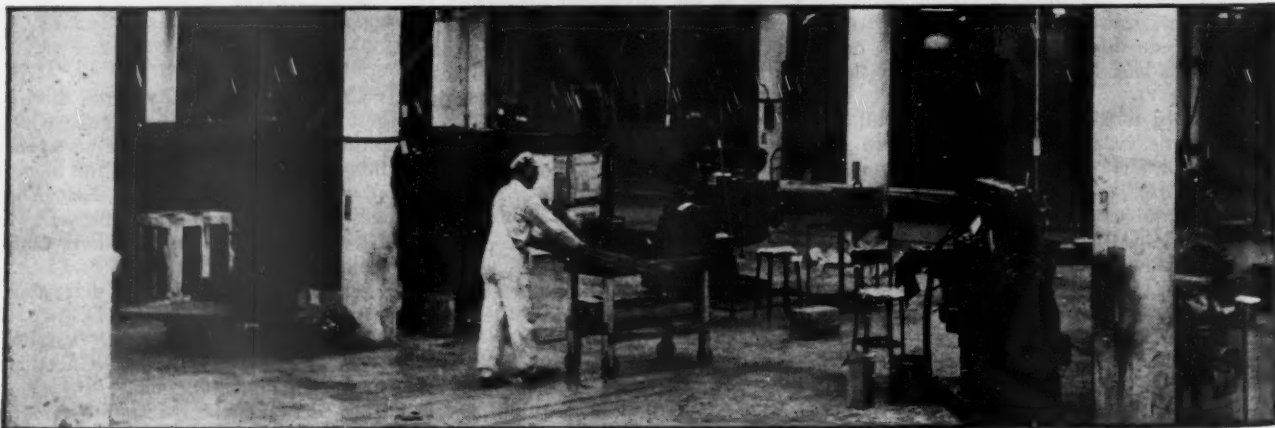
Transplanting Aircraft Company and Its



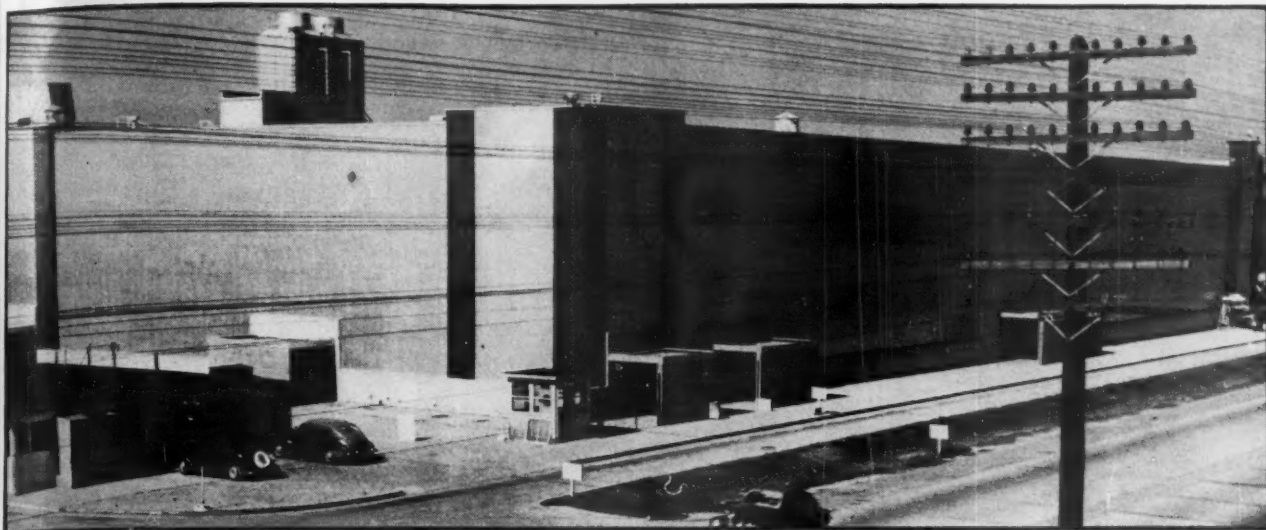
3 In Stratford, milling machine tagged for move gets final check before shipping



4 Loaded aboard truck, miller is hauled three miles to nearest railroad siding, where it's put aboard freight car. Tag shows exact spot machine is to be placed in Dallas plant

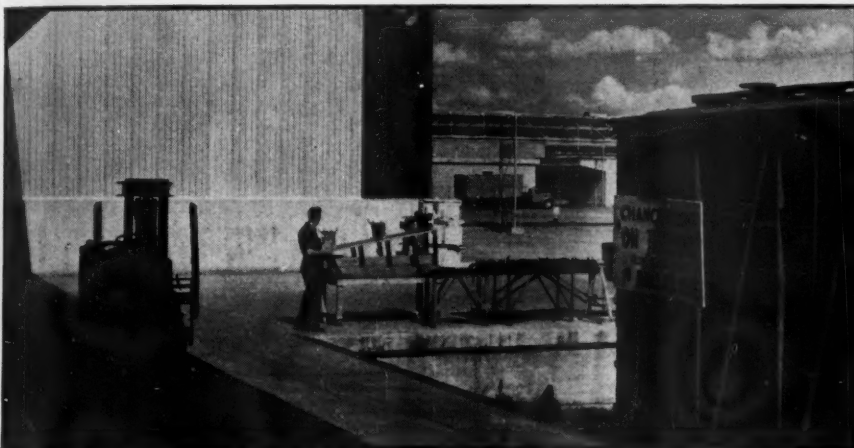


7 Inside, vacant plant slowly takes on new life as machinery is put in place. Total floor area of both buildings that make up plant is 2,000,000 sq. ft. Chance Vought will occupy only one building of 1,900,000 sq. ft. It is also building some new office space

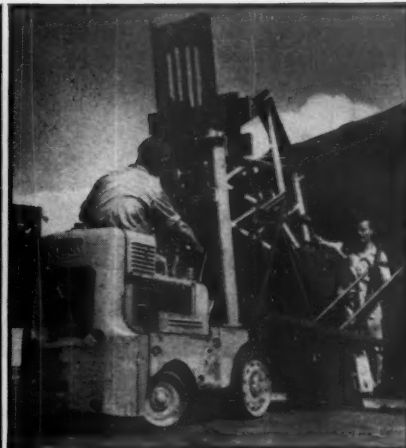


2. To Texas Modern, windowless plant just outside Dallas will be Chance Vought's new home. It was North American Aviation's during war. It gives Vought 300,000 more sq. ft. than it has in Stratford

1,500 Key Employees Across the Nation



5 In Texas, freight car is shunted onto plant siding and unloaded under sunny skies. Spur into plant saves time-losing transhauling from trucks to rail, necessary in Stratford



6 Fork lift truck scoots newly arrived piece of machinery to right spot in plant



8 To help workers get moved, a special information booth in Stratford plant is staffed with trained personnel assistants. They will organize details of move, help as they can



9 On transfer date movers appear. Company pays cost (TURN TO PAGE 26)



10 In Dallas, Chance Vought housing supervisor helps newly arrived family get settled by showing them around to housing developments. This bungalow is in Wynnewood



11 Labor recruiters M. R. Kelley (left), state official, C.V.'s G. V. Andersen



12 Personnel Department trainees, who will help recruit local labor, get instruction from wage analyst George Scott



13 Back in Stratford, committee of company officials, union men and town fathers search for tenant for soon-to-be-vacated plant

Meeting Problems of Uprooting an Industry

Machines and men moved gradually, as new workers are trained. Efforts made to ease impact on Connecticut area.

From Stratford, Conn., home of Chance Vought Aircraft Division of United Aircraft Corp., to Dallas, Tex., it's some 1,700 miles. Multiply that by 1,500 employees, 2,000 machines, 50-million lb. of equipment, and you have a fair idea of the scope of the moving job Chance Vought is in the midst of this week.

But that's only half the story of moving. The other half, yet to be told, will be plotted by: (1) the economic dislocation caused by 4,500 workers thrown on the labor market in the Bridgeport area, which includes Stratford; (2) the prosperity brought to an equal number of workers hired in the Dallas area;

(3) the impact of putting the 1,500 transplanted wage earners in their new Texas homes.

• **Heart of Industry**—Why has Chance Vought launched such a far-reaching move? The biggest reason is national defense.

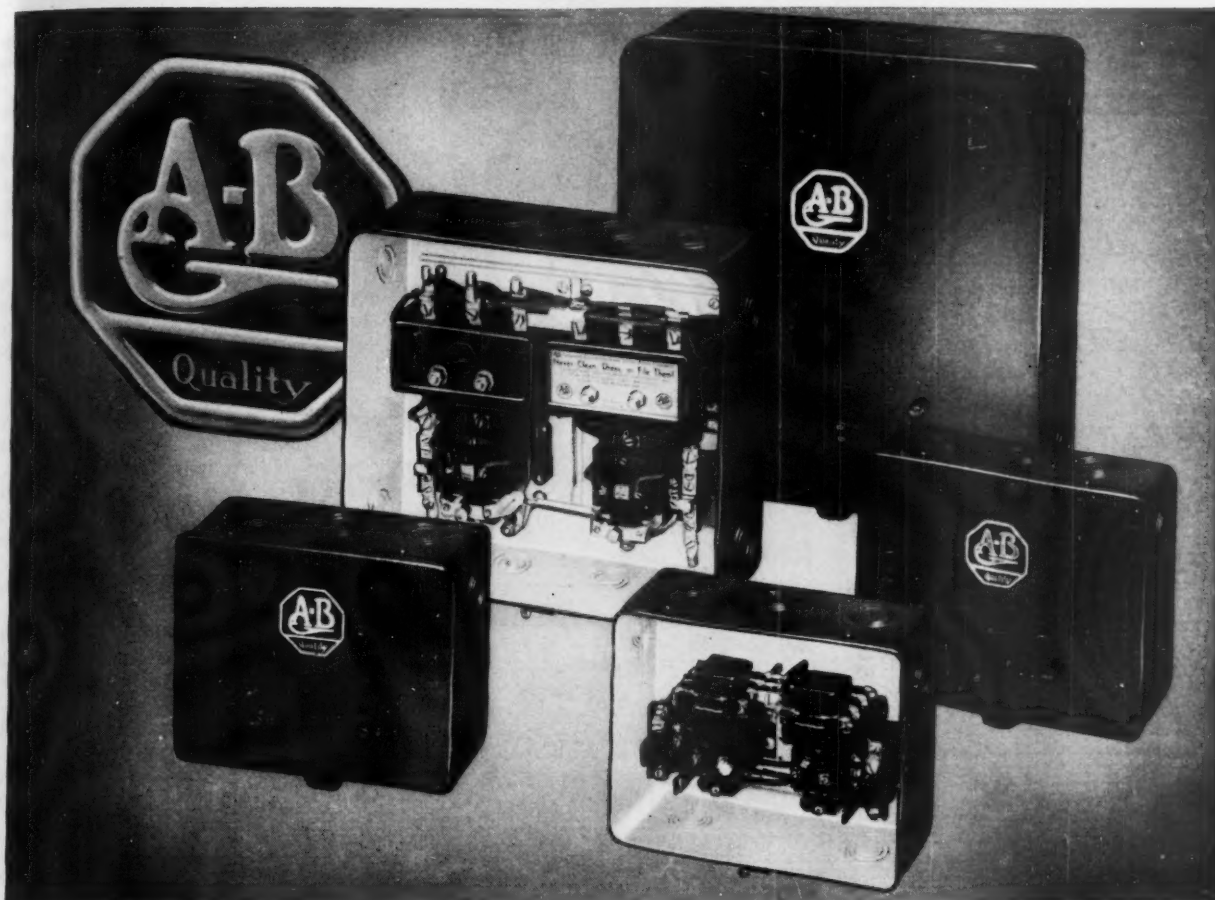
Within a radius of 70 miles of Stratford is one of the nation's heaviest concentrations of aircraft factories. At upstate Hartford are two other divisions of United Aircraft: Pratt & Whitney (engines), and Hamilton Standard (propellers). Next door at Bridgeport is yet another division: Sikorsky (helicopters). Across Long Island Sound, at Farmingdale, L. I., lies Republic Aviation Corp.;

near that, at Bethpage, L. I., is Grumman Aircraft Engineering Co.

• **Dispersion Sought**—Grumman and Chance Vought are the U. S. Navy's two main suppliers of pursuit planes. Vought makes the famous F4U5 (Corsair) one of the workhorses of the Navy's carrier-based air fleet, and will soon be pushing its new jet model, the F6U (Pirate).

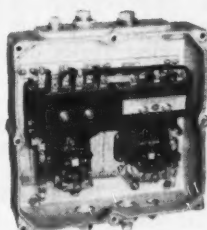
Top military brass has long been concerned over this concentration. It was hardly in line with the avowed principle of dispersing industry away from the vulnerable Eastern Seaboard. So when the modern plant near Dallas, which North American Aviation occupied during the war, came up for lease, the Navy was quick to think of Vought.

• **Advantages**—Several logical reasons lay behind the choice of Vought for



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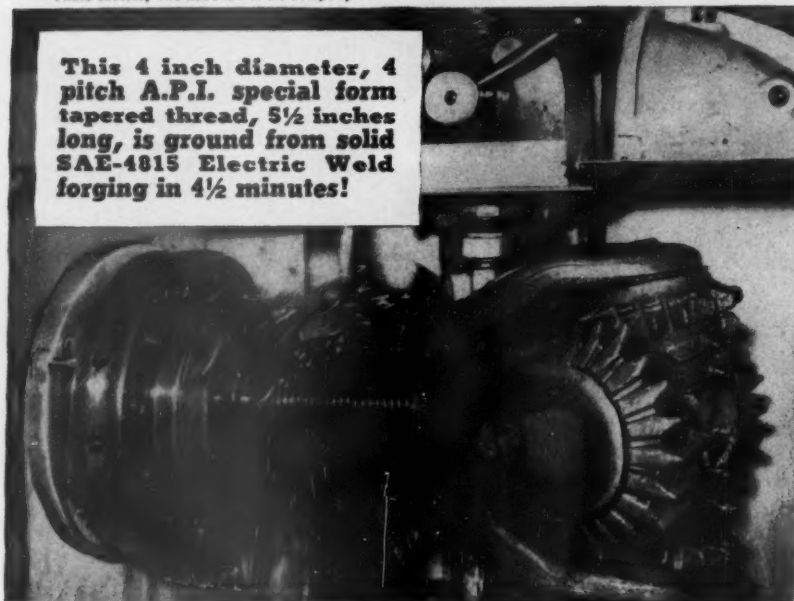
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the move instead of some other company. Vought officials are the first to admit that their Stratford plant is not a model of modern integration. Once the old Vought-Sikorsky flying boat plant, it grew like Topsy during the war, with new units added when and where they were most needed. Then too, the busy Bridgeport airport, across the street, is getting too cramped to take care of many fast jets.

So Vought officials bent a receptive ear to the advantages that the Navy (and the Dallas Chamber of Commerce) listed for the Texas plant. What they heard was:

(1) The quarters are larger, and specifically designed for straight-line production of aircraft. They are air-conditioned for efficient, year-round work. The adjacent landing field is bigger, too.

(2) The weather in Texas is flyable 90% of the time against 74% of the time in Connecticut.

(3) Upkeep is lower, because the longer warm season cuts fuel costs.

(4) The surrounding territory is better adapted to testing jets. Since jets are far from perfected, test jobs sometimes have to sit down in the nearest cornfield. In the crowded, urban East, these are few and far between.

• **Inspection and Plans**—Vought officials began looking into the North American plant in December of 1946. Fifteen months later, after a good bit of talk pro and con, the official announcement of the move was made.

Vought had a \$7½-million contingency fund to cover the cost of the move (it doesn't expect the cost to run that entire amount), and went ahead with detailed plans. Under terms of the five-year lease worked out with the Navy, Vought will occupy one entire building of the plant; it will sublease the other to Texas Engineering & Mfg. Co., present occupant.

• **Personnel Problems**—One of the touchiest angles in the move was the personnel problem. As soon as plant men went to Dallas on their first trip, rumors began to fly around the workbenches and jigs. A story in the Dallas Times-Herald caused a new crop to break out. So Rex Beisel, C. V. general manager, had a notice posted saying that the workers would be told immediately of any definite decision. On Apr. 18, 1948, it came. The word was passed to the 7,500 workers at the same time it was announced from Washington.

Reaction to the news was varied. Some 1,500 workers, mostly in supervisory or specialized groups, were asked to go to Dallas. Some of these didn't want to. Others, who wanted to go, and weren't chosen, were disappointed. Beisel realized quickly that here was a job for in-plant public relations.

The company did its best to make



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needed. Most of these men are graduate engineers. Their main job is to help the customer by making sure that his Sperry equipment and its installation give him the best possible service.

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Silicone News



IN BLIZZARD OR HEAT-WAVE...

Fortunately for men and machinery, blizzards come in season. We have time to prepare for them with heavier clothes and thinner lubricants. But it is not practical to change lubricants in aircraft that take off in tropical heat and fly into sub-zero weather, or in the parking meters that line the main streets of cities and hamlets from the Yukon to the Rio Grande.



Photo Courtesy Mi-Co Meter Division, Michaels Art Bronze Co.

Dow Corning Silicone Oil, DC 550R lubricates 8 moving parts and enables Mi-Co parking meters to give trouble-free service the year around.

The problem in such cases is to find a lubricant which does not run out when hot, thicken when cold, or gum up with age. That's why many manufacturers like the Mi-Co Meter Division of the Michaels Art Bronze Co. Inc., of Covington, Kentucky, are using DC Silicone Oils or Greases.

Mi-Co Meter required a lubricant that would not thicken or thin out enough to alter the performance of parking meters exposed to temperatures ranging from -40° to 150° F. Field testing under the sun of California and in the blizzards of Fairbanks, Alaska proved that one of our silicone oils, DC 550R, was superior to any other lubricant tested. Now all Mi-Co Meters are factory lubricated with DC 550R.

Dow Corning Silicone Oils and Greases are used in a wide variety of applications from automatic toaster timers to 6 inch roller bearings exposed to temperatures up to 700° F. If your lubrication problems involve high or low temperatures, weathering, or a combination of all three, phone our nearest branch office or write for data sheet C5-9G on DC Silicone Oils or data sheet D1-G on DC Silicone Greases.

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the move look as attractive and as easy as possible. It guaranteed to pay all the costs of moving a worker and his family to Dallas. And it offered him thorough help in moving.

• **Rumors**—But, even so, some fantastic scuttlebutt flowed. "Don't be daft," said a Yankee lathe operator to his leadman who had been tapped. "There's not a tree in Dallas. There ain't no water. And what there is ain't drinkable."

As the rumors were carried home, the wives of two workers slated to go decided they would look into the situation themselves. Off they drove to Dallas. They came back talking like founding members of the Dallas Chamber of Commerce. And, like any good Texan, they spread the gospel that all Texas men were gentlemen and all Dallas women beautiful.

• **Problems of the Loss**—Losing a paying enterprise of Chance Vought's size would be a blow to any community. When the Stratford-Bridgeport area heard the news, there were naturally some rumblings. But as the national defense angle was played up, these eased. The area quickly turned to the pressing job of finding new jobs for the workers and a new tenant for the plant.

At first everyone feared the worst. But the Bridgeport Chamber of Commerce takes a bright view; it predicts that through the winter almost all the workers laid off will find jobs.

Not all the workers are so optimistic. Unofficial reports place the present Bridgeport unemployment figure at 6,000. Those laid off from Chance Vought won't help the situation. The only bright thought is that, since the move is gradual, no great number of workers will be thrown on the market at one time. The C.I.O. United Auto Workers local, which at first expressed regret at the move, has swung into a concentrated campaign to find new jobs.

• **Finding a Tenant**—The accompanying problem—that of finding a new tenant for the plant—is running against some stumbling blocks. A committee made up of officials from Chance Vought, the U. A. W. local, and the Stratford Town Council has been working on the problem. The Connecticut Development Commission has helped. But so far, there have been few nibbles.

There are several drawbacks to the plant as a manufacturing facility. One is the plant itself. Another is the lack of a railroad siding. Before one can be installed the Stratford town fathers and the state legislature will have to O. K. it. So far the Stratford people have shown little inclination to go to bat for this because they fear it might ruin the charm of the town.

Another problem is unscrambling the ownership. The way it works out now,

the Navy owns a \$7.6-million chunk of the plant, or 82% of it. United Aircraft owns the other 18%. And as a final hurdle, the Navy is insisting on a 120-day vacating clause in any lease it gives—in case of a national emergency.

• **Texas-Bound**—Meantime, moving has gone along on schedule. The first two carloads of machinery were shunted onto the Dallas plant siding early last May.

By this week, some 72 carloads with 3-million lb. of gear have been sent on their way, with a growing number of Chance Vought families.

• **Schedule**—Planning the move of machinery was itself a complicated problem of logistics. The idea was to move everything with as little disruption to the flow of work as possible. Accordingly, factory manager Bert Taliaferro drew up a schedule with the machine shop gear on the top of the list. He did this because all the hordes of small component parts needed for the batch of Corsairs now in hand were nearly finished.

Thus, some of these machines (lathes, drills, etc.) now in Dallas are already turning out parts there—as well as being used to train new operators.

As each progressive assembly unit finishes up the parts it is now working on, it will be wrapped up for shipment. By the time the last Corsair of the present covey is turned over to the Navy, Taliaferro expects the whole plant will be in Dallas. If all goes right, this will be sometime in mid-1949. By that time, some 1,000 carloads of gear will have passed on the way.

• **Dallas Scene**—In Dallas, hiring will be on a steadily increasing basis. Taliaferro is well pleased with the workers hired there: "They're intelligent and eager to learn." Regular training courses are already under way.

A big worry for the Connecticut Yankees moving to Texas has been housing. Although the housing shortage is far from licked in Dallas, and in Grand Prairie, next door to the plant, several new housing developments are sprouting, C. V. workers are snapping up houses and apartments in these as rapidly as they are ready.

• **Big Welcome**—All in all, Chance Vought reports, employees who have already gone to Texas are happy over the move. The Texans have lived up to their big-hearted names, have done their best to make the newcomers feel at home. This attitude has even infected some top officials. When general manager Beisel pops up in Dallas on an inspection tour, he says: "It's sure good to be back home."

Needless to say, Texans lap this up—as they do the thought of the eventual payroll of several million dollars a month that the company is bringing along with it.

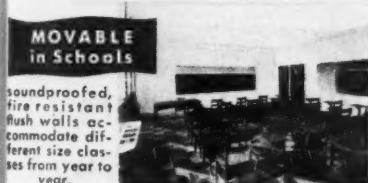


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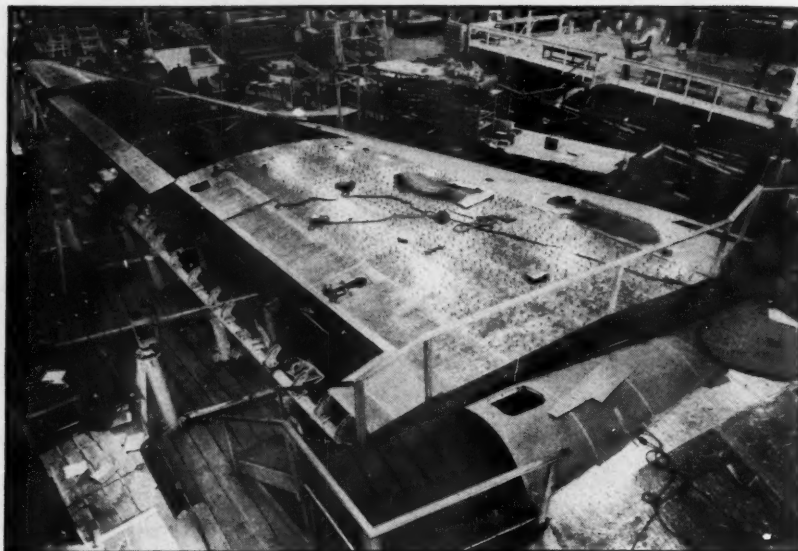
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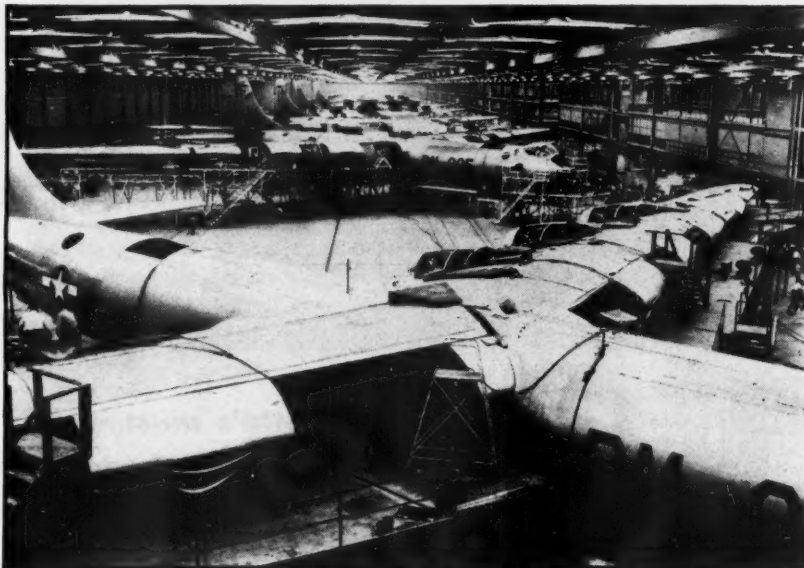
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Subcontracting Follows Plane Orders

Northrop turns over entire output of B-49 Flying Wing to Convair, whose bigger plant is now making B-36's.

The aircraft industry continued to buzz with procurement deals last week—in the wake of the largest airplane and engine orders in peacetime history (BW—Jul. 17 '48, p. 22).

• **Flying Wing Deal**—Biggest news was the deal between Northrop Aircraft Inc., of Hawthorne, Calif., and Consolidated Vultee Aircraft Corp. Under it, Northrop will subcontract to Convair the entire production of the B-49, giant eight-jet flying wing bomber. Northrop's limited plant facilities can turn out only

three B-49's a month. Thus, the shift to Convair's sprawling (2-million sq. ft. of floor space) plant at Fort Worth, Tex. Already under production there are 95 of the world's largest bombers, the six-engine (piston engine) B-36's.

The initial B-49 order is for only 30 of the \$2-billion worth of jet bombers. The move to Convair revealed a sudden shift to their high priority for the Air Force—and assurance of future quantity production for the jet flying wing. This is because it has been performing

A few good Pied Pipers

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THE legendary Pied Piper of Hamelin is supposed to have rid the town of its rats; but, when the townpeople wouldn't pay a reward they considered exorbitant, he charmed away their children in revenge.

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There are a lot of fanatics around today who preach foreign "isms". They play the tune they're taught to play, note for note. They promise that their system will rid the country of all its ills, real or fancied, and make everybody secure. Some countries have followed these pipers, only to find that they followed to doom, not to a better life. Instead of gaining security, they lost their liberty . . . traded away their freedom for slavery and oppression.

Where are the pipers of *American-ism*? That really means most of us, but where's our voice? You people who make things, you never made anything half so wonderful as the American way of life. You folks who sell things, you never sold anything half so fine as the American right to free speech, and to work and worship where you please. Let's all turn part of our attention to producing more good *Americans*.



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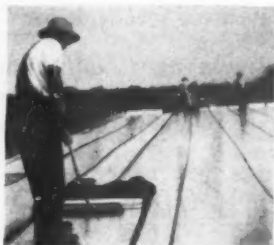
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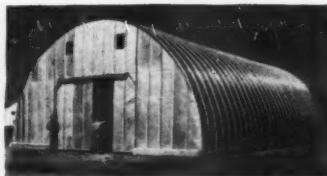


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sensationally (500 m.p.h. top speed, 9 hours of sustained flight) during its secret trials at Muroc Dry Lake (Calif.), despite the crash of one experimental model recently.

• **Order Boost Due**—Present plans call for the end of B-36 production at Fort Worth next November, with B-49 production rolling at a one-a-week rate shortly thereafter.

In the meantime, fiscal 1950 funds that become available in July of 1949 will give a big boost to the B-49 order. Production studies for output of 100, 250, and 500 additional jet wings have been completed. (The exact size of the order will depend on the international situation.)

• **Unique in Peacetime**—The subcontract to Convair is unique in peacetime aircraft production. It will leave control of all technical work on the program in Northrop's hands. This work includes design, production engineering, and tooling engineering. The Air Force will pay Northrop for this work. Convair will furnish manufacturing equipment and personnel.

The deal explained away recent rumors of a Northrop-Convair merger. It was a windfall for the new Floyd Odlum-controlled management of Convair, headed by Lamotte T. Cohu, ex-Northrop and T.W.A. president. Convair got no prime contracts in the fiscal 1949 military plane buying program, and has been operating deeply in the red. (Its B-36 program was a prime contract in fiscal 1948. It hasn't produced a profit yet because only eight of the planes have been completed and delivered.)

• **Boeing Wins**—Other developments included a triumph for Boeing Airplane Co. of Seattle in the latest Air Force jet bomber design competition. This will continue Boeing's dominance in the long-range, heavy-bomber field. Boeing edged out 12 other manufacturers in the hottest single competition since the war's end. Its winning XB-55 design calls for a plane larger than its six-jet XB-47, already in flight test stage, and powered by four turboprops (gas turbine engines driving propellers).

To ease its labor pains caused by a two-month-old mechanics' strike in its Seattle plant, Boeing has expanded its subcontracting program. Its B-50 bomber will go to Douglas Aircraft Co., Northrop, Beech Aircraft Corp., Cessna Aircraft Co., and Ryan Aeronautical Co.

Meanwhile, Curtiss-Wright Corp. at Columbus, Ohio, is making tail assemblies for Republic Aviation Corp.'s Thunderjet fighter.

Apparently prime contractors are heeding the Air Force's advice: Subcontract to manufacturers who don't have many prime contracts, thus keep their productive facilities in action for possible emergencies.



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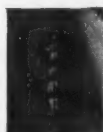
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DIVISION



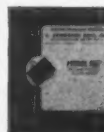
PROTECT AND PRESERVE PROPERTY — Quick, easy, economical ways to construct and maintain floors, walls, ceilings, roofs, etc., with Sonneborn "Building Savers"

AMALIE
LUBRICANTS
DIVISION



LOWER COSTS OF TRANSPORTATION — The fundamentals of good lubrication for gas-line-driven fleets and Diesels; how AMALIE Motor Oils and Lubricants give more protection.

TEXTILE
CHEMICALS
DIVISION



INCREASE CUSTOMER DEMAND AND PREFERENCE — How FVBROL 1115 (one of many Sonneborn products for textile processing) improves mill efficiency and woolen fabrics.

L. SONNEBORN SONS, INC., Dept. BW4, New York 16, N. Y.

NAME TITLE

COMPANY ADDRESS

CITY ZONE STATE

SLY

PIONEERS AND LEADERS IN DUST CONTROL



Sly Dust Filter—the heart of the Sly Dust Control System.

IN manufacturing grinding wheels, illustrated below, penetrating dust is created.

But—the men don't breathe it. It is drawn into hoods at the machines, then through flexible tubes to the Sly Dust Filter shown above, which filters—by cloth—all of the dust from the air, even the dust so fine you can't see it. This is but one instance of thousands where industry uses Sly Dust Collectors to improve working conditions, eliminate health hazards, prolong the life of machinery, reduce cleaning and



Men don't breathe the dust; Sly Dust Control collects it.

maintenance costs, and often to recover valuable materials. Thousands of installations.

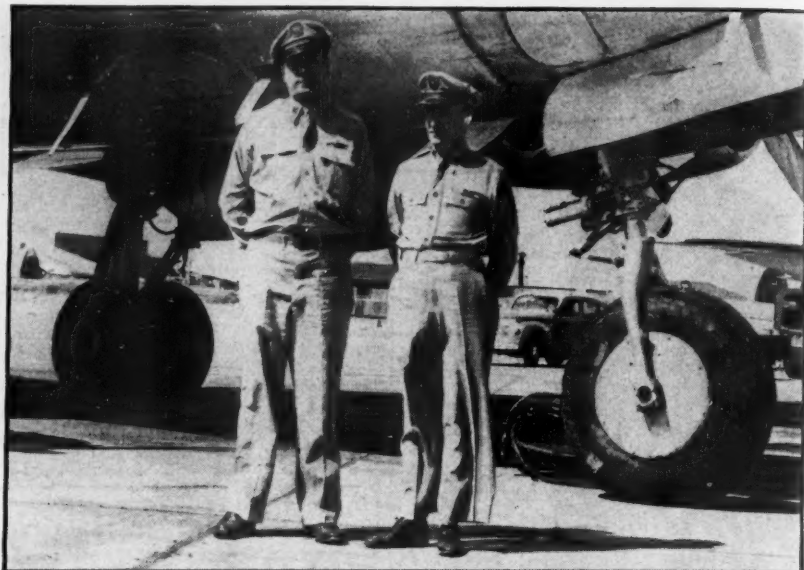
Sly Dust Control is a paying investment and—it's not expensive. What is your dust problem? Ask for Bulletin 98.

THE W. W. SLY MFG. CO.

4749 Train Avenue • Cleveland 2, Ohio

PIONEERS in Industrial Dust Control

Representatives in New York • Chicago • St. Louis
Philadelphia • Minneapolis • Birmingham
Cincinnati • Los Angeles • Rochester • Toronto



GO-GETTERS, Transocean's president Nelson (left) and vice-president Elsmore

Pilots' Wartime Idea Clicks

Transocean Airline proves there's a profit in foreign air charter business; makes all contract services pay own way.

Last week the Civil Aeronautics Board turned down an application of Transocean Airline for a scheduled passenger run from Seattle to Hawaii. (CAB also rejected Pan American Airways' bid, awarded the route to Northwest Airlines on the ground that its domestic network could best feed the over-water line.)

The decision was naturally a disappointment to Transocean officials. But to an air charter service that in two years of postwar operations has netted more than \$500,000 and built up an organization that sprawls around the world it was hardly a blow.

In a business where even the old scheduled airlines are operating deep in the red, Transocean's financial record as a newcomer is unique. Its net profit for the fiscal year ended June 30 was only \$50,000 compared with \$500,000 netted the year before. But, even so, the operating profit was close to the 1947 mark; the net was reduced by initiation of a broad depreciation and reserve program.

• **Pipedream-Come-True** — Transocean was organized in a candlelit tent on Okinawa by a group of airline pilots flying under contract to the Army on the airlift of occupation troops to Japan. Their wartime experiences flying the Pacific convinced them there was a future for a newcomer in commercial transpacific operations.

In the summer of 1946 Transocean began operations with four DC-4's pur-

chased under veteran's priority from war surplus. The president is Orvis Nelson, veteran of 12 years flying with United Air Lines. Executive vice-president is Ray T. Elsmore, former Western Air Lines pilot and wartime director of air transport for Gen. MacArthur. These go-getting executives have brought Transocean most of its business.

• **Moving People**—The bulk of Transocean's work has come from charters for high-priority mass movements of personnel. Transocean has flown scores of personnel groups—from construction workers to mid-Pacific Navy bases to United Nations truce teams from Rhodes to Palestine.

• **Contracts**—Another source of Transocean revenue has been its contracts to get new foreign airlines started. Philippine Air Lines had Transocean set up every phase of its flight operations. An Indian airline is dickering over the same sort of deal.

Transocean has cut costs—and made a profit—by setting up its own ground facilities over the world. It found it was cheaper to do this than pay someone else to. At its major repair base at Oakland, Calif., contract overhaul work from other charter lines helps pay the freight. Overseas, Transocean ground crews service most of the non-scheduled carriers flying along main traffic routes. It has even made its flight training school for its regular crews pay its own way by taking in outside students.

READERS REPORT:

An Excess of Vegetables?

Sirs:

Concerning "cheap money rates," it should be remembered that, in the 1929 period, the danger threatened to the American economy seemed to be that of "dear money," as witness the following statements published in the New York Times on Jan. 1, 1929:

(1) "Notwithstanding Wall Street's high money rates at the year end, it is felt here (Kansas City) that the Middle West is likely to see fairly easy money during the winter. . . . The tendency is to retain at home the money of the Middle West and encourage local loans. . . ."

"Wall Street's stock market vagaries have taken some toll from the interior in 1928, but banks have been generally inclined to look upon it as dangerous and to withdraw call money for use nearer home. . . ."

(2) "As to a possible collapse in the Wall Street speculation, Pittsburgh feels that the steel trade could not be affected as it used to be. . . . There are no surplus accumulation of stocks, or of manufactures of steel. In 1908, and again in 1921, there was tremendous liquidation of these things."

(3) "The heights reached by Wall Street loans on stock exchange collateral have caused much rummaging in our financial history to find analogies. The 12% rate of December was the highest since 1920, but high call money was reasonably frequent before the Federal Reserve was founded."

"What ended these high rates in the past? The circumstances varied: The circumstances of 1928 may differ from all of them. . . ."

The apparent assurance of these various writers in the New Year's financial section of the New York Times may seem ironic to us, nearly 20 years later. We are now receiving a similar assurance from Washington, D. C., that all is hunky-dory ahead, because we now have "cheap money"—and plenty of it—instead of "dear money."

May we remind ourselves that, if an excess of meats can give us an attack of indigestion, a similar excess of vegetables has been known to produce the same results?

BEN S. TRYIN

PASADENA, CALIF.

Fuel Gas Rates

Sirs:

In your article on fuel prices [BW—Jun. 12 '48, p21], it would seem the paragraph on gas needs some clarification. It states: "Natural gas is also on the way

Why do our
letters look
so much
better lately,
Miss Grey?

The reason is
improved
Hammermill
Bond...any typing
is so much clearer
and sharper
on this paper!



Feel the new sturdiness... the quality that shows in your files and in your mail.

Compare it. See for yourself the purer, brighter white of this improved paper.

Send for this FREE book

Contains samples of improved Hammermill Bond in wide range of pleasing colors... and the purer, clearer white. Also matching envelopes.



LOOK FOR THE WATERMARK IT IS HAMMERMILL'S WORD OF HONOR TO THE PUBLIC

HAMMERMILL BOND

Compare papers for office use Hammermill Bond and Hammermill Envelopes

Hammermill Paper Company, 1455 East Lake Road, Erie, Pa.

Please send me — FREE — the sample book showing improved Hammermill Bond and sample packet of letter-size sheets.

Name..... Position.....

(Please attach to, or write on, your business letterhead) BW-B-14



Overtime? ...not in my office

"Oh, yes . . . we used to. We kept a dozen girls for hours overtime just folding monthly statements. Every time we got out a price change notice or an advertising circular . . . same thing. Cost money, too.

"But . . . it's different now. We got a Davidson Office Folding Machine . . . Model 120. One girl takes care of all our office folding . . . does a better job . . . at a fraction of the cost. We get our mailings out on time without overtime. Of course, we only use the machine occasionally but it's paid for itself . . . and then some."

A Davidson Model 120 Office Folding Machine will fold from 7,500 to 20,000 sheets per hour depending upon the sheet size. It will handle sheets from 3" x 3" to 10" x 14". It's motor driven . . . has automatic feed . . . and you can replenish the load without stopping operations. Any competent employee can operate it.

Even though you use your Davidson Folder only one day a month, it will quickly pay for itself. It's available in the floor model, as shown, and as a table model. Both available for prompt shipment.

We'd like to tell you more about this money-saving equipment . . . send literature . . . or arrange for a demonstration. Write us today . . . there's no obligation.

DAVIDSON MANUFACTURING CORPORATION
1034-60 West Adams St. Chicago 7, Illinois

Davidson Sales and Service Agencies are located in principal cities of the U.S., Canada, Mexico and abroad.

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Office FOLDING
MACHINES

DUPLICATORS • OFFICE FOLDING MACHINES • PAPER MASTERS • SUPPLIES
A GENERATION OF EXPERIENCE IN THE MANUFACTURE OF OFFICE EQUIPMENT



up. More gas companies were allowed rate increases in the first third of 1948 than in all 1947. This year some 60 companies in 32 states got rate rises up to as high as 33%."

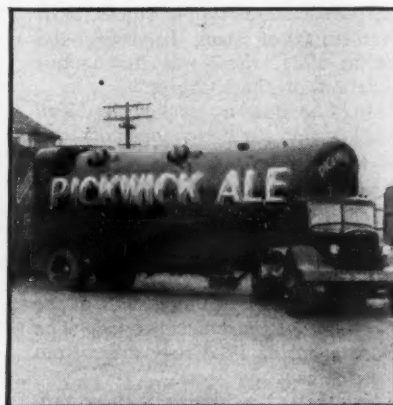
The inference here is that 60 companies mentioned are natural gas companies, and we have received several complaints from natural gas company members regarding this.

Walter E. Caine, our chief statistician, has been conducting a survey which is now almost completed. The results to date show that 47 manufactured gas companies, 1 mixed gas company, 9 natural gas companies, and 16 LP gas companies have increased gas rates since 1947.

We appreciate the splendid cooperation Business Week has given the gas industry. We feel that perhaps an opportunity may arise to clear up this slight misunderstanding.

GEORGE A. McDONALD
AMERICAN GAS ASSN.,
NEW YORK, N. Y.

• We are glad to set the record straight. We were in error.



Pneumatic Tank Truck

Sirs:

Your writeup and picture of the Tivoli Brewing Co. pneumatic-loading truck (BW—Jul.10'48,p24) has come to our attention. We believe the following information would be of great interest to readers of Business Week:

In 1933, Holly Pneumatic Systems, Inc., of New York first instituted, built and introduced to the brewing industry the patented "Bulk Grain Hauling Pneumatic Transfer Truck Equipment." Since its inception this type of equipment has been adopted and is in successful current use by many of the largest breweries in this country. The above picture shows one of the latest Holly Pneumatic Transfer Trucks in use by Haffenreffer & Co., Inc., of Boston.

The Holly unit is custom built with

BUSINESS WEEK • Aug. 14, 1948

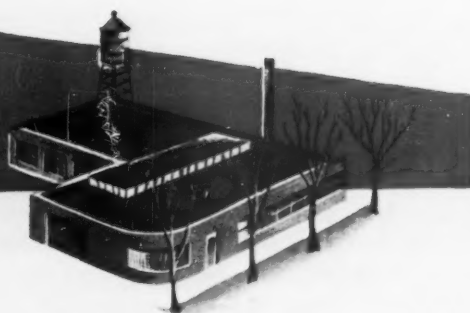
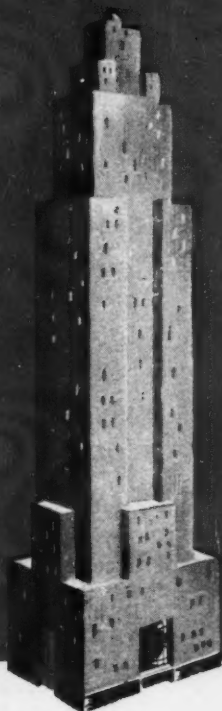
Now...the*benefits of **VARI-VAC**

DIFFERENTIAL HEATING

are available in

EVERY INSTALLATION

REGARDLESS OF SIZE!



DUNHAM

Dunham Differential systems have been installed in Rockefeller Center, Rochester General Hospital, University of Rochester, N. Y., University of Montreal, Canada, Eastman Kodak Co., Bausch & Lomb, Parkchester, St. Mary's, Rochester, Minn., and thousands of similar projects. This practical, nation-wide heating-system experience is available to you for the installation of Vari-Vac in apartment houses, factories, hotels, office buildings and institutions of every size.

Complete details on the Dunham Vari-Vac System—JOB-SCALED to fit any installation—are yours by writing to...

C. A. DUNHAM COMPANY
400 WEST MADISON STREET
CHICAGO 6, ILLINOIS
Toronto, Canada • London, England

***SAVES FUEL!** Changeovers from ordinary systems show reductions in fuel cost from 15 to 40%. Ordinary systems circulate steam at 212° or more. Statistics show that steam at this temperature is required only 10% of the heating season. To properly meet weather conditions Differential Heating circulates steam at varying degrees of vacuum, giving steam temperatures as low as 133°, which obviously saves fuel. Control is governed by weather conditions hour by hour.

***PROVIDES GREATER COMFORT!** Indoor comfort requires a constant balance of the steam supply and temperatures against the requirements for warmth. Only Differential Heating has the necessary flexibility to fully meet this variable requirement because no other system is capable of a continuous flow and control of both steam temperatures and steam volume.

***"JOB SCALED"!** Differential Heating (Vari-Vac) is now job scaled to suit the needs and meet the budget of buildings of modest size. Varying types of systems fit seven types of installations from simplest basic Differential installation to the completely automatic controlled supreme job—basic, primary, medium, intermediate, advanced, de luxe, supreme.

DUNHAM

HEATING MEANS BETTER HEATING

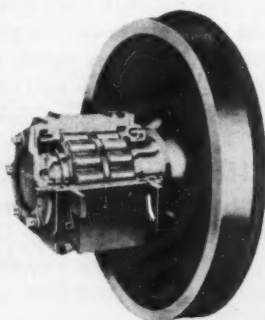


Making Train Travel Smoother, More Comfortable

Smoother starts and stops and more comfortable riding are very noticeable on the new passenger coaches equipped with Hyatt Roller Bearing Journal Boxes.

Thirty of the leading railroads have their famous name trains, from diesel locomotives to coaches, rolling on Hyatts. Many Hyatt-equipped trains have gone several million miles, proving the dependability, ease of maintenance and the economy of Hyatt design and engineering as applied to railroad journal boxes.

Smart railroad operators, interested in your comfort, are planning to make more travelers happier with Hyatts. Hyatt Bearings Division, General Motors Corporation, Harrison, New Jersey.



HYATT ROLLER BEARINGS

tank holding capacities varying from 400 to 650 bu.

While the pneumatic system can be mounted on either a truck chassis or a semitrailer, the former is the most advantageous, as in that case the vacuum pump can be operated from the power takeoff of the truck engine, whereas a separate 50-h.p. gas engine will be required in connection with the semitrailer.

By creating a partial vacuum in the transfer tank, a 650-bu. unit can be loaded in 15 minutes and discharged by pressure from the same power unit into storage silos at elevations of from 80 ft. to 100 ft. above the ground level in 25 minutes.

The Holly Transfer Truck can also be built for gravity discharge of malt or grits into boots of existing bucket elevators, as well as for combination pressure and gravity discharge.

Chemical plants and water purification works are also using this method for the handling of their pebble lime from boxcars into storage bins. Other commodities such as sugar and flour can easily be handled.

G. K. HOLLY

HOLLY PNEUMATIC SYSTEMS, INC.,
NEW YORK, N. Y.

How ECA Money Is Spent

Sirs:

You have the statement: "Three-quarters of ECA's authorizations so far are for purchases through normal private trade channels" [BW—Jul. 24 '48, p24]. This to us is an amazing statement. So far as we have been able to determine, most of the allocations have gone to the governments of the foreign recipients, who are purchasing either through U. S. government purchasing agencies or through their own foreign missions.

We are in constant communication with other exporters in New York. From information gleaned to date, an extremely small percentage of ECA business has come through private channels of trade.

We do not hold that purchases made by a foreign government mission or by a U. S. government procurement agency from privately owned manufacturers in the United States can be construed as proceeding through "private channels of trade."

VAN LEAN WOODWARD

PRESIDENT,
VAN LEAN WOODWARD & CO.,
NEW YORK, N. Y.

• What we meant was this: Three-quarters of the purchases were by foreign governments or their authorized agents directly from private business in the U. S.—the rest through various U. S. government departments and agencies.

Cut Hauling Costs with Willys-Overland's

4-WHEEL-DRIVE 'JEEP' TRUCKS

5300 LBS. GVW



'JEEP' TRUCK FEATURES

Roomy, comfortable cabs with large windshield and air-wing windows.
Full-opening hood for easy servicing.
Functional fenders give easy wheel accessibility.
Short turn radius.
Excellent road clearance.
Protected headlights.
Pickup, platform-stake and cab-and-chassis.



It's the truck that industry has needed for years—a tough, rugged tonner with 4-wheel drive that gets the load through regardless. With selective 2- and 4-wheel-drive providing 6 forward speeds, 'Jeep' Trucks meet your requirements for off-the-road operation, getting through mud and sand, traveling on icy roads, making steep grades. For medium-duty hauling, 'Jeep' Trucks save the high operating cost of using heavy-duty four-wheelers. 'Jeep' Trucks are built to stand up under hard use and powered by the famous low-upkeep, long-lived 'Jeep' Engine. See this great truck and conventional 2-wheel-drive 'Jeep' Trucks now at Willys-Overland dealers.

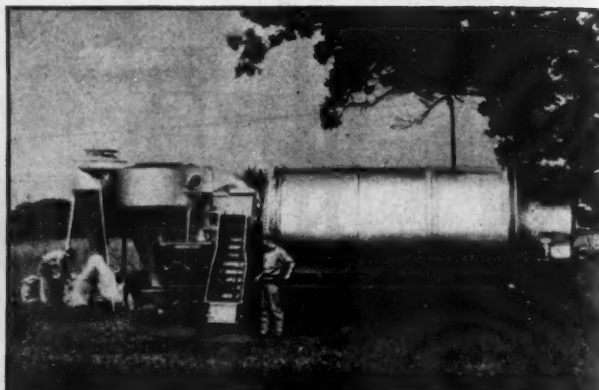
'Jeep' Trucks

WILLYS-OVERLAND MOTORS, TOLEDO, OHIO, • MAKERS OF AMERICA'S MOST USEFUL VEHICLES

PRODUCTION



TANK TRUCKS of welded steel for oil or milk transport, and . . .



DEHYDRATING PLANTS for farmers' grain, along with . . .



BOTTLE-WASHING MACHINES for breweries, and . . .



GARBAGE TRUCKS for cities show Heil's diversity as . . .

Local Needs Influence Product Planning

Heil's unusual home-town approach to diversification pays off as company heads for a \$30-million volume this year.

Wisconsin's current centennial celebration automatically puts a spotlight on the Heil Co. of Milwaukee, for Heil has long been a big factor in the Badger State—in the civic as well as industrial sense. So deep, in fact, are Heil's roots in its home area that even its diversification program is flavored by Wisconsin.

This approach has paid off. Business this year should be around \$30-million. That's \$4-million better than last year.

• **Two Factors**—But in making products largely suggested by local needs, Heil follows two rules. One is that all new items must fit into the existing production setup. The other is that the product range must be as wide as possible, covering consumer and capital goods.

The Wisconsin influence is probably best seen in Heil's riveted steel tanks. To be sure, the main market is oil companies. But right under Heil's nose are the brewing and dairy industries—both

tank customers. Today, 30% of Heil's production is steel tanks.

About 10% is oil and gas furnaces (Wisconsin gets awfully chilly in winter). A second 10% is dehydrators for hay and grain (feed for Wisconsin's herds). A third 10% is bottle washers (more dairy and brewery items). Thus, in all, 70% of Heil's output could fit into Wisconsin's own requirements—if Wisconsin were big enough to absorb it.

• **Adversity and Diversity**—Julius P. Heil (picture, page 46), founder of the company and now chairman of its board, had plenty of adversity before he got into diversity. Born in Germany, he came to the U. S. in 1881. He got his first job at the age of 12 as a newsboy on a Milwaukee R. R. train. Later he was a streetcar conductor, then a skilled drill-press operator for Milwaukee Harvester Co. (now International Harvester). The tool shop had the

strongest lure: Heil finally joined Falk Co., a Milwaukee heavy industry.

(Later on, Falk management took part for years in the Heil Co. by having members on its board. And when Falk brought back a welding process from Europe, Heil was able to get a welding machine that changed the whole course of its business.)

• **Trouble**—In 1901, Heil started out on his own. With a capital of \$550 and three employees, he launched Heil Rail Joint Welding Co. He had barely got going when a patent suit was filed against him. Soon he was squeezed out of the only business he knew—welding streetcar and railroad rail joints.

But Heil wasn't out of ideas. Taking a plunge, he went into the business of making riveted tanks. He pioneered with welding, finally eased into the dump-truck and hoist field. The first 10 years were rough. Heil worked 16 hours a day, took a salary of only \$2 a day for himself.

• **Barefoot Boy with Shoes**—Today Julius Heil is a millionaire. He has

The Pedigree is Assurance
of Consistent Performance ▶▶

...In boxes, too!



THE BOSTON TERRIER was bred in Boston about sixty years ago from English Bulldog and white English Terrier stock. This little fellow is exceptionally lively and bright, and truly deserves his title of "American Gentleman."

CONSISTENT *Quality*
CONSISTENT *Service*
CONSISTENT *Fair Price*

THE pedigree of a Union box goes all the way back to the trees in the forest. The Union shield trade-mark on a corrugated container means nothing has been left to chance.

Completely integrated production, under one management, in the largest Kraft pulp-to-container plant in the world is checked and re-checked at every step to maintain consistent quality without variation.

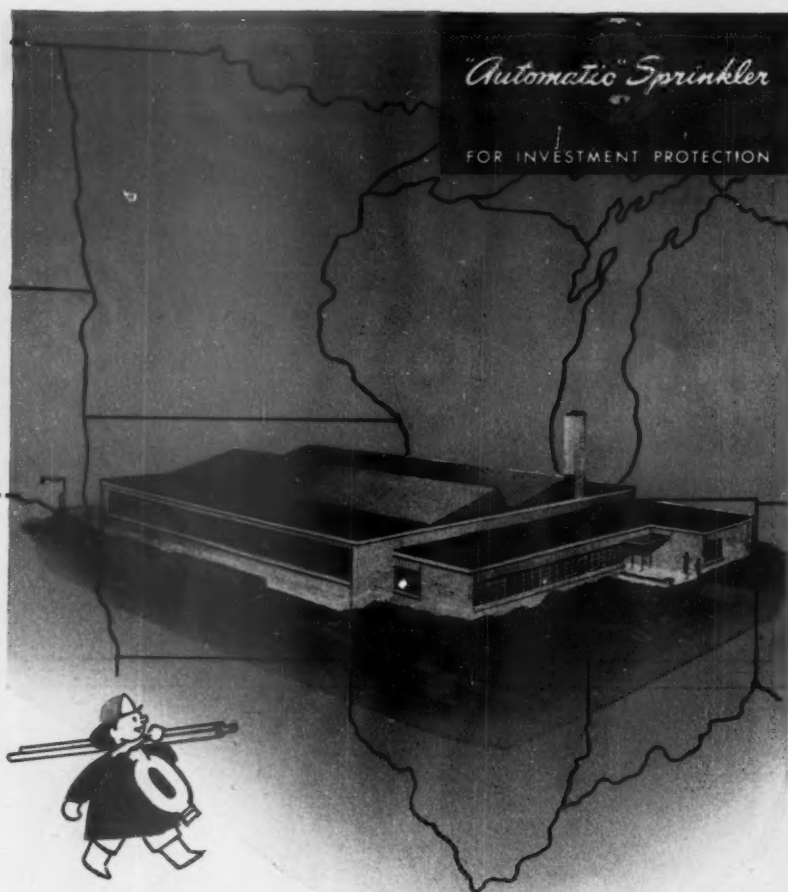
Union containers are backed by 75 years of leadership in paper packaging. Five of the nine largest paper machines in the world and four modern box plants give you boxes when and where you need them.

UNION *Corrugated Containers*
UNION BAG & Paper Corporation

Principal Offices: WOOLWORTH BLDG., NEW YORK 7, N. Y.

Corrugated Container Plants: SAVANNAH, GA. • CHICAGO, ILL. • TRENTON, N. J. • JAMESTOWN, N. C. (Highland Container Co., Inc.)





To better serve the Fire Protection needs of the great
Mid-West with *"Automatic" Sprinklers*

HERE'S important news for owners of industrial and commercial properties in and around the great Middle West. *"Automatic" Sprinkler*, pursuing its policy of continued expansion, has recently opened a new Chicago plant, pictured above, where facilities now enable us to offer fire protection engineering, construction and maintenance service on a vastly improved basis. And, this is but one of several new plants of this type that are being located in strategic areas throughout the Western Hemisphere, thereby making it possible for you to obtain the recognized advantages of *"Automatic" Sprinkler* fire protection, an important investment today . . . perhaps welcomed protection tomorrow.



"Automatic" Sprinkler

FIRST IN FIRE PROTECTION

DEVELOPMENT • ENGINEERING

MANUFACTURE • INSTALLATION

"AUTOMATIC" SPRINKLER CORPORATION OF AMERICA
YOUNGSTOWN, OHIO

OFFICES IN PRINCIPAL CITIES OF NORTH AND SOUTH AMERICA

turned over his company to his son, Joseph F. Heil (picture, below), who has been with it for 23 years and is now president. The elder Heil, proud of his youth, still refers to himself as a "bare-foot immigrant boy." That theme, in fact, helped to get him elected governor of Wisconsin in 1938, reelected in 1940. Explaining the growth of his company, Heils says:

"The success of any institution rests upon its willingness and ability to meet changing conditions. The moment we see any of our products decreasing in popularity and usefulness we find a new item to take its place."

• **Expansion**—Through the Heil Co.'s nearly half century, a host of new items have paraded through the planning and production departments. With the impetus gained by some brave, early experiments in the welding of steel tanks and bodies, the Heil Co. began making such



FOUNDER Julius P. Heil started company on road to diversity



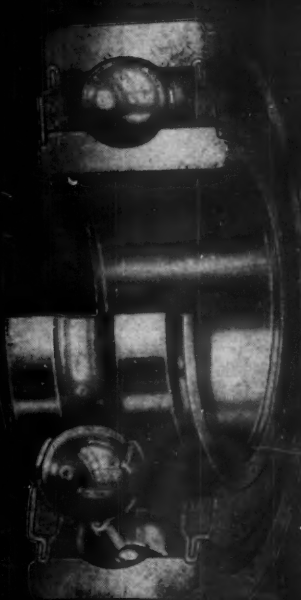
PRESIDENT Joseph F. Heil sells Milwaukee his father's philosophy

Performance has
 sold over 126,000,000

New Departure Sealed-for-life

Ball Bearings

Fan and Water Pump bearing with permanent supply of grease sealed in and dirt sealed out



General Purpose bearing completely sealed and lubricated for life. For more facts, ask for booklet "Sealed"

Originated, developed and Built to be forgotten

NEW DEPARTURE

nothing like a ball bearing

NEW DEPARTURE • Division of GENERAL MOTORS • BRISTOL, CONNECTICUT



Hands like white doves

*...a flutter in the dusk...so petal smooth,
so velvet soft, that men go mad with longing...*

Well, maybe not quite that! After all, this lotion line is hardly down our alley.

All we wanted to suggest was that slopping around with stagnant sponges, sticky stamps, and gum-flapped envelopes does no good to any girl's digits...

So you might mention the PB postage meter to the Man In Charge of Morale in your office...

Metered postage makes those small steel engravings with the bad-tasting backs as old hat as spit curls.

With a postage meter, you literally roll your own. Set the little levers for the stamp you want, feed the envelopes into

the meter, and they flash out with flaps sealed, and a stamp and dated postmark printed on each and every envelope.

The meter prints any value of stamp needed for any kind of mail, prints on gummed tape for parcel post—the total postage needed in one stamp.

THE postage meter makes mailing go like mad, and gets you and the mail out earlier, keeps track of postage used... protects postage from loss, damage, lend lease. And metered mail moves faster in the postoffice, doesn't have to wait for postmarking and cancelling...

Meter models for any firm, large or small. Call any PB office, or write for illustrated booklet... And why wait?



PITNEY-BOWES Postage Meter

PITNEY-BOWES, Inc., 1444 Pacific Street, Stamford, Conn.
Originators of Metered Mail. Largest makers of mailing machines
Branches in 85 cities in the United States and Canada

things as water softeners, structural steel for buildings, air tanks, hoist and dump body units, motorcycle sidecar bodies, compartmented tanks.

Today the Heil Co.'s enthusiasm for new endeavors has tempered, and it has channeled its efforts into six principal lines.

• **Oldsters**—The two oldsters of these lines—the tank division and the bodies-and-hoists division—have 47 and 30 years of history, respectively.

Today, 70% of all the stainless steel transport tanks used for hauling milk in the United States come from Heil. The company turns out nearly 500 transport and storage tanks of this type per year, ranks as one of the biggest single producers. Transport tanks also are used largely to haul petroleum products.

The bodies-and-hoists division produces dump bodies, high lifts, rock bodies, and sanitation bodies. Currently a heavy demand is reported for hydraulic hoist trucks in the wheat belt. Farmers have found that the expense of a dump truck is more than worth the time it saves in shoveling grain from carriers. Sales of dump bodies now run into the thousands, Heil says, in areas where the "no sale" sign prevailed before.

• **Consumer Goods**—Four newer divisions represent Heil's departure from strictly heavy industry into the consumer goods field:

(1) Oil- and gas-fired home heating systems and shallow well pumps. (Heil went into the latter after taking control of the Milwaukee Air Power Pump Co. and Combustion Oil Burners in 1929-30.)

(2) Farm and industrial mobile and stationary dehydration plants (picture, page 44), manufactured by the Arnold Dryer Co. Division. (These are sold under the general name of "Ardrier." This division is 18 years old.)

(3) The Heil Nu-Way line of milk and beverage bottle washers and pasteurizers (picture, page 44).

(4) The baby of the lines—road machinery—including high-speed tractors, bulldozers, and scrapers. Founder Heil got the inspiration for this division during an observation trip through the West 13 years ago, when giant earth-moving tasks were under way in the construction of power dams.

• **Postwar Gains**—It is largely through the solid postwar gains made in these four "junior" divisions that current sales are far ahead of the annual figure of \$8-million in 1940. The newest philosophy of the Heil Co., in fact, is to concentrate on multiple-unit production of moderate-priced consumer goods instead of limited production of expensive heavy machinery.

Heil launched the consumer goods divisions of its business during the depths of the depression. None of them



"Come up on the porch and join the family"

The front porch is still a great Philadelphia institution—for Philadelphians like to spend their leisure time at home, getting to know their families.

The Philadelphia business community is a sort of "family" too—and we'll be glad to introduce you to it if you're doing business here, in America's third largest market.

We have served many of the nation's leading businesses for years. Our clients like the friendly relationship—it seems

more than an ordinary business connection—and they profit through our unusually intimate knowledge of the entire community. This background comes in part from the coverage of our 18 offices. We have more than any other local bank, and one is sure to be located near *your* plant, to simplify payroll routines, and every phase of your banking business.

You'll appreciate our heavy use of air mail in clearing checks, the prompt,

24-hour-a-day operation of our Transit Department. And you can draw at will upon our great store of business, financial and credit records.

We can help you to a profitable understanding of the entire Philadelphia market . . . aid you in every way, from picking a plant site to expanding your going concern locally. Drop in and see us, or drop us a line. You'll enjoy "joining the family" and banking with us.

18 OFFICES

**THE
PENNSYLVANIA
COMPANY**

for Banking and Trusts
FOUNDED 1812

PHILADELPHIA

MEMBER FEDERAL RESERVE SYSTEM

FEDERAL DEPOSIT INSURANCE CORPORATION

**get all these
advanced
design
features**



**in your next
press brake**

- **Motor Driven Slide Adjustment** by thousandths of an inch. Slide easily operated parallel or non-parallel with base. Slide ways provide full bearing with housing in all slide positions.
- **Multiple Disc Friction Clutch**, positive, dependable.
- **High-Efficiency Friction Brake** positively holds slide at any part of stroke.
- **Low Deflection Slide and Base**, maximum—.001" per foot of press width.
- **Wedge-Type Release Mechanism** relieves ram in case dies are bottomed to the extent that brake stalls.
- **Rolled Steel Plate Construction** for strength, rigidity, accuracy, durability.
- **Cut Steel Gears Operate in Oil** within oil-tight case.
- **One-Piece Forged Eccentric** of heat-treated high-carbon steel.
- **Centralized Lubrication** to all main bearings.
- **Safety Enclosed Drive**. Motor pulley, flywheel, V-belt fully enclosed.

120 tons capacity—will form mild steel 7/16" x 4 ft., 5/16" x 6 ft., 1/4" x 8 ft., or 3/16" x 10 ft. at 30 strokes a minute. Write for Bulletin 106A.

Prompt Delivery . . . Extensive production facilities permit reasonably prompt delivery of Columbia Press Brakes and Steel Squaring Shears.



Columbia
**MACHINERY AND
ENGINEERING CORP.**
HAMILTON 1, OHIO

One of America's leading manufacturers of Shears and other Metal-working Machines, Hydraulic Presses, Wood-working Equipment & Special Machinery



HEIL'S LATEST: A truck of 18½-cu. yd. capacity for mining use on the Mesabi range. The truck (on a Mack chassis) has a double-action hydraulic hoist for dumping

added more than a few percentage points to the sum total of annual Heil sales until after the war. Then the company really began to push these new products.

All have broken through the initial obstacles of product competition and distributor and consumer resistance.

The Heil management claims no foresight in the timing of the newer lines. But the fact remains that from a sales viewpoint these newer products in the consumers goods field could not have matured in a lusher period.

• **Customer Spread**—Joseph Heil is enthusiastic about the broad spread of customers to whom Heil Co. sells. He points out that virtually all the automotive industry uses Heil truck tank bodies; that most of the big oil companies buy Heil tanks; and that such dairy biggies as National Dairy and Borden transport fluid milk in Heil-built stainless-steel truck tanks.

International Harvester and Cletrac (Oliver Farm Equipment Co.) are among the buyers of road machinery; Westinghouse Electric is a purchaser of Heil water pumps; Sears, Roebuck & Co. merchandises oil burners made by Heil; and Quaker Oats—as well as a growing number of brewers—uses the Heil dehydrator. The latter find that, by dehydrating the spent brewers' grains, they make a 10-fold gain in dollar value of this residual byproduct of beer-making. The spent grains go mostly into animal feeds.

• **No Special Tooling**—Selection of the current line of Heil products has been predicated on making use of the regular plant equipment. It carefully avoids special plants and special tooling jobs.

"A plant of our type can handle a great mix of products," says Heil. "We are not a high-production-line plant, nor

are we a job shop. We fall comfortably in between the two."

• **125 Businesses**—Today the products of Heil's six divisions serve over 125 different types of businesses. Six product sales divisions, nine district offices, and 600 distributors handle the goods produced in three plants. Two of the plants are in Milwaukee; the third is at Hillside, N. J.

Next step in the Heil Co. program will be to cut the wide range of models in its various lines down to a simplified standard set in each. Welding is the one characteristic common to all Heil products.

• **Two-Man Show**—Joseph Heil is on the management firing line. Neither of the Heils cares much about delegating great responsibility to others; they run the show themselves.

The younger Heil is outspoken in favor of his theory that Milwaukee needs more consumer goods types of industries to offset the preponderance of heavy, capital goods manufacturing firms. He believes that what has been good for his own business should also be good for the community.

• **Community Man**—And Joe Heil is deep in community work. He has been serving on a Milwaukee Assn. of Commerce directors' committee called the Economic Appraisal Committee. For several years it has been making a study of the community's industrial needs. That committee has not yet made a report; but it will probably echo Joe Heil's philosophy of diversification.

Currently Joe Heil is heading the Industries Committee of the Wisconsin Centennial. Under his chairmanship Wisconsin industry, classified by types, is taking part in an extensive recapitulation of the past 100 years in a show put on at the State Fair grounds.



FIBERGLAS*

...a star performer in industry's hot spots

Wherever you find hot spots—those “we-can’t-afford-heat-loss” points in the plant—you’ll find Fiberglas Insulating Blankets right for the job.

Why? Because they save installation time, they save fuel—and they save money. That’s the proved-in-use experience at many of the country’s important plants—on industrial ovens, boilers, ducts, breachings, retorts—and a long list of specialized processing equipment.

The high thermal insulating efficiency of Fiberglas results from the countless tiny air spaces enclosed in a lightweight, wool-like blanket of long, fine fibers of glass. Here is a material that will not burn, rot or decay—is non-corrosive and will not

corrode metals. Fiberglas insulation holds together, is resilient, will not settle under vibration.

This basic material is further processed into blankets that meet the requirements of industry for insulating hot surfaces up to 1000° F. In the illustration, Fiberglas Insulation has been fabricated with a metal mesh exterior surface to facilitate application and provide a base for insulating and finishing cements.

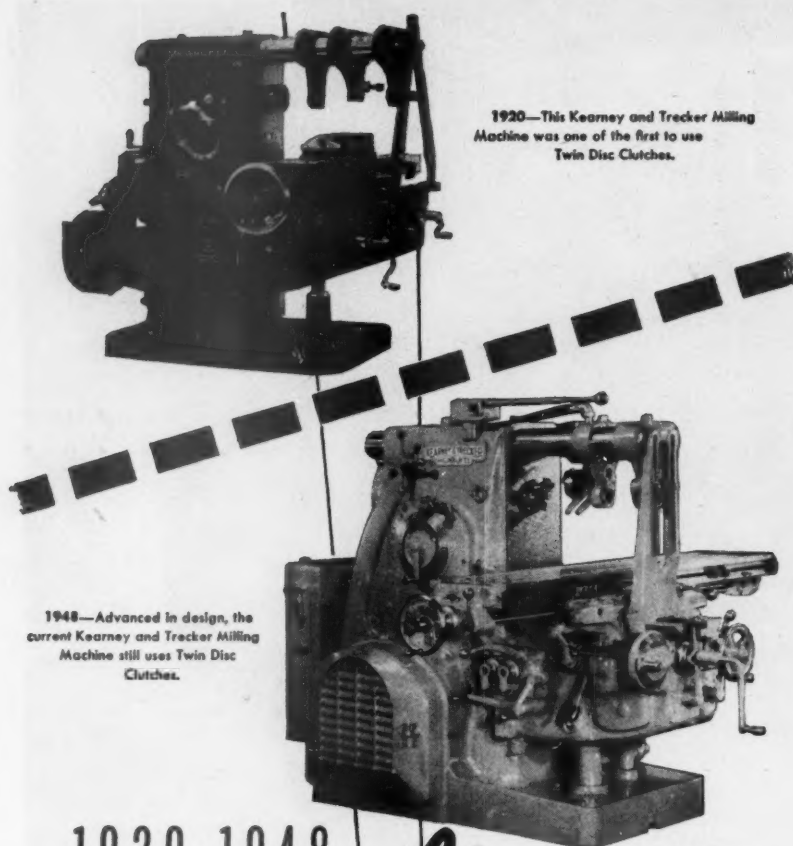
Get all the facts about Fiberglas blankets—their many forms and uses. Write for “Fiberglas Insulations for Industry” . . . Owens-Corning Fiberglas Corporation, Dept. 803, Toledo 1, Ohio. Branches in principal cities.

In Canada: Fiberglas Canada Ltd., Toronto, Ontario

OWENS-CORNING
FIBERGLAS

THEMAL
INSULATING
MATERIALS

*FIBERGLAS is the trade-mark (Reg. U. S. Pat. Off.) for a variety of products made of or with glass fibers by Owens-Corning Fiberglas Corporation.



1920—This Kearney and Trecker Milling Machine was one of the first to use Twin Disc Clutches.

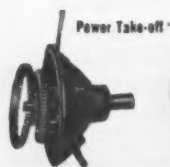
1948—Advanced in design, the current Kearney and Trecker Milling Machine still uses Twin Disc Clutches.

1920-1948 Twin Disc Equipped

Kearney and Trecker Corporation, Milwaukee, Wisconsin, used Twin Disc Clutches on its machine tools, as early as 1920. Kearney and Trecker still uses Twin Disc Clutches in 1948.

During the past 30 years, leading manufacturers of equipment for construction, logging, marine, petroleum, locomotive, farm implement, engine and machine tool industries have found Twin Disc Clutches and Hydraulic Drives efficient units for power transmission.

TWIN DISC CLUTCH COMPANY, Racine, Wisconsin
(Hydraulic Division, Rockford, Illinois).



Power Take-off



Machine Tool Clutch



Marine Gear

JUDGE TWIN DISC BY THE COMPANIES IT KEEPS

Successful Synthetic Mica Finally Developed

Mica is a strategic mineral of great importance. It can be split into thin sheets for electrical insulation and other nonconductor needs. But there isn't much of the crystalline silica derivative in this country.

• **New Synthetic**—But our mica troubles may soon be a thing of the past. Synthetic mica crystals, with the electrical and physical characteristics of the natural stuff, have now been produced. Although patents on mica substitutes have been granted from time to time during the last 30 years, no one could claim to produce the large "splittable" crystals found in nature.

German chemists had made progress in that direction; after the war our people nosed into these developments. They spurred the Office of Naval Research, the Army Signal Corps, and the Navy Bureau of Ships into a full-scale research on the process. The result, announced last week, is pilot-plant production of fluorine-phlogopite mica crystals. These crystals, in addition to having satisfactory electrical and chemical properties, cleave perfectly into thin sheets.

The researchers hope, too, that they will be able to make the synthetic in the exact shapes needed. This would cut out the long, hard job of sorting, grading, splitting, and trimming natural mica.

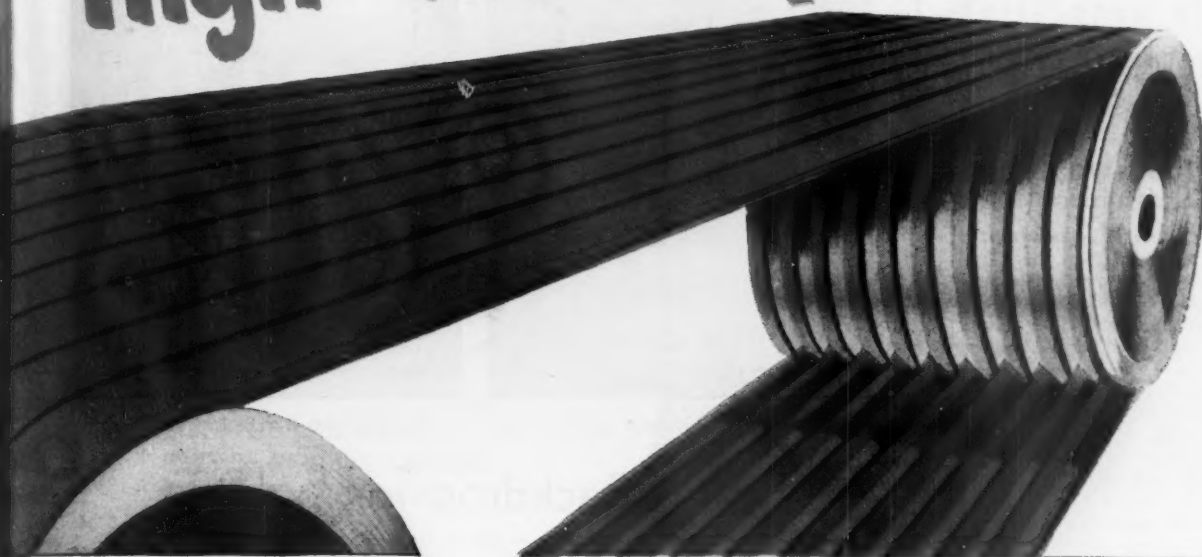
• **Background**—The government-sponsored research started at the Colorado School of Mines in 1946. The Interior Dept.'s Bureau of Mines Electrotechnical Laboratory at Norris, Tenn., began synthetic mica pilot-plant work in September, 1947. Owens-Corning-Fiberglas Corp. is working with the researchers under a consulting contract. This makes available to the government all the data and patents acquired by that company and the Corning Glass Works in their investigation of mica synthesis during 1945-46.

Companies seeking further information on the process can get it from the Office of Naval Research, Dept. of the Navy. That office is eager to make its technical data available to electrical, electronic, and other industries, so that the new synthetic can get full testing as an insulating material.

IRON "GROWTH" STUNTED

Ordinary iron, used for such castings as stove tops, furnace bowls, and burner parts, has a bad habit of "growing." Heat makes the parts expand, cooling makes them contract; this eventually causes a change in internal structure of the metal, and the part changes dimen-

High Tenacity Rayon



so that there are fewer take-ups . . . less maintenance . . . longer life.

And Du Pont "Cordura" High Tenacity

Rayon is the reason why many other products have been made better and stronger—conveyor belts . . . hose . . . tires, for instance.

*For high strength at low cost . . . look into Cordura**

While you might expect to pay a premium for "Cordura" advantages, manufacturers can often use "Cordura" to reduce production costs. That's because you get so much strength from so little!

Can you use "Cordura" to improve an article you make? Du Pont will be glad to furnish you detailed information about "Cordura" High Tenacity Rayon.

Can you use a product improved with "Cordura"? Check with your supplier—or

write Du Pont for data on the type of product in which you are interested.

Rayon Division, E. I. du Pont de Nemours & Co. (Inc.), Wilmington 98, Delaware.

*REG. U. S. PAT. OFF.



BETTER THINGS FOR BETTER LIVING
... THROUGH CHEMISTRY

for RAYON... for NYLON... for FIBERS to come... look to DU PONT



WHEN MECHANIZED LOGGING BEGAN IN THE WEST...

PACIFIC-WESTERN GEARING

was of vital assistance

Earliest signs of the western logging industry's future mechanization were donkey steam engines, first used in the 1880's. Ever since, this industry could rely on **PACIFIC-WESTERN** gears and geared products.

More than 40% of the nation's wood comes from the west. "**PACIFIC-WESTERN**" geared products, such as speed reducers, open gears, Torq-masters, etc., are used extensively in every phase of the lumber industry.

In the west, it's PACIFIC-WESTERN geared products

In the pulp and paper, chemical, mining, petroleum, fishing, food and all the other industries, "**PACIFIC-WESTERN**" is again the primary supplier of gears and geared products designed and built for the specific needs of each industry.

We are both proud and careful of our more-than-50-year record as gearmakers to western industry.

When you need geared equipment for your western plant, be sure to make use of our specialized engineering experience and our three large plants with the finest gear-making facilities in the west.

Write, wire, or phone
for assistance on your current
geared-drive needs.

Western Gear Works, Seattle 4, Wash.
Western Gear Works, Box 192, Lynwood, Calif.
Pacific Gear & Tool Works, San Francisco 3, Calif.
Sales Representatives:
Houston • Portland • Salt Lake City

PACIFIC WESTERN
GEAR PRODUCTS

sion. Result: warpage, poor fits, buckling of cast surfaces.

Battelle Institute, Columbus, Ohio, has been working on the problem under the sponsorship of Jackson Iron & Steel Co., Jackson, Ohio. Battelle said

last week that it had the answer: Make the iron growth-resistant by adding silicon to the mix. Jackson will market the high-silicon iron. It has added some copper and chromium to make the metal scale-resistant.



Electrically vaporized metal produces . . .



. . . Economical reflectors for lamps

Aluminum: Backdrop for Light

A mirror is a mirror, usually, because a thin film of silver has been deposited on one side of a sheet of glass. Sometimes a mirror isn't a mirror, but is a reflector: for lamps, telescopes, optical devices. Silver films do a good job in such applications, but they can tarnish easily. So scientists went over to vaporized aluminum instead of plated silver. Today, industry is using vaporized aluminum as the backbone for many commercial lamps.

• **Advantages**—Vaporizing has the edge over earlier processes in several ways. It is easier than conventional chemical plating and electroplating, for one thing. Aluminum is resistant to tarnish, is a good reflector. It vaporizes at relatively low temperature. And, it doesn't cost much.

That last point proved a winner when reflectors for commercial and industrial lighting moved inside the bulbs (like the sealed-beam headlamp in your car).

• **Who and How**—Now General Electric Co., Westinghouse Electric Corp., Sylvania Electric Products, Inc., the Guide Lamp Division of General Motors Corp. are among the users of vaporized aluminum reflectors. Their production methods are basically similar.

The glass or metal surfaces are carefully washed, rinsed, and dried. A strip of aluminum is placed inside a coil of high-resistance tungsten wire (picture, left). Then the clean surface is placed over the coil, a glass "bell" is dropped over, and a high vacuum is produced

under the bell. A heavy current is then pumped through the coil. This vaporizes the aluminum, and the aluminum vapor condenses on the prepared surfaces (picture, right).

• **Sylvania's Way**—The process can be varied. For instance, at Sylvania a clear window is obtained in a bulb by lightly etching the prepared surface, before aluminizing, with hydrofluoric acid. Then the "envelope"—or bulb—goes through the aluminizing cycle, gets an all-over interior coat. Next, the bulb is turned neck up; caustic soda solution is piped into it to dissolve the aluminum from the front window. (The solution is carefully run in, takes out only the aluminum from the front, leaves the sides coated.) For a frosted window, the hydrofluoric etch is heavier.

• **G.E.'s Way**—G.E. mounts two reflectors, face to face, in a fixture with the tungsten coil in between. The reflectors are sealed against gaskets in each fixture. A special machine fits 16 such setups (32 reflectors) on a circular table. As the table revolves, a vacuum builds up in each fixture until it gets to the "firing" station; here the vaporizing takes place. As the fixture passes three more stations, the vacuum is gradually released. Then the reflectors are removed and the fixture reloaded.

The reflectors are fitted with filaments and bases; the glass lenses are hermetically sealed on by gas burners. The final step is to remove air and to introduce inert gas into the finished bulb.

ROLLWAY'S Tru-Rol

Cylindrical
ROLLER BEARING

The **NEW** Bearing with
"Guide-Lips"

**LONGER LASTING!
BETTER PERFORMANCE!
MORE ECONOMICAL!**

Broad lip flanges, curved to the shape of cylindrical rollers, assure true axial alignment . . . maintain a thin film of lubrication on rollers . . . reduce retainer friction . . . minimize wear.

**TRU-ROL Bearings Give
LONGER PERFORMANCE at LOWER COST**

Tru-Rol design and construction add up to precision operation . . . and long dependable service . . . at a considerable saving. Specify TRU-ROL . . . and get the high standards of workmanship and materials that have distinguished Rollway Bearings for over 40 years.

For True rolling . . . The **NEW**
TRU-ROL Bearings have "GUIDE-LIPS"

ROLLWAY BEARING CO., INC.
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Please send me, free of charge, your new catalog with
complete technical data on TRU-ROL BEARINGS.

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NEW

IMPROVED
AMERICAN
FLOOR MACHINE

Safety-Grip

HANDLE!



Now... new safety and new labor-saving features... in the new Improved American Deluxe Floor Maintenance Machine! Ideal for keeping factory and office floors cleaner and safer!

Safety... new Safety-Grip Handle—easy to control with either or both hands. Merely grip the handles to get positive "off-on" action. Machine runs only when you want it—won't start accidentally when plugged in.

Power... has big power ample for any floor maintenance operation. Maintains full power and brush speed on the smoothest to the most rugged floors. Write for literature and prices or FREE demonstration. The American Floor Surfacing Machine Co., 551 So. St. Clair St., Toledo 3, Ohio.



Attachments to maintain all kinds of floors include: Tampico, Mixed Fibre, Palmetto, Bassine, Wire, Steel Wool, Burnishing and Sanding discs.—13, 15 and 17 inch.

AMERICAN
FLOOR MAINTENANCE MACHINES

NEW PRODUCTS



Wider-Range Scale

Climbing prices of foods, besides plaguing retailer and customer, also pose a tough problem to scale manufacturers: How can more prices per pound be shown on computing scales? Such scales have to fit on a counter; there isn't too much room for price marking on the rotating charts.

Toledo Scale Co., Toledo, 12, has been working on the problem. The result: Toledo's Guardian 70 Duplex. This computing scale not only takes care of the price charting problem pretty handily, but also has numerous design improvements over previous models. The model number "70" means that the scale charts 70 prices per pound. So the butcher won't have to double, add, or subtract, as he does today with conventional scales when prices go off the chart. Errors are cut down; both customer and retailer benefit.

Toledo gets more numbers per pound by using precision charts (they have 129,000 imprinted characters) and four specially designed spherical lenses. The lenses are mounted in a sliding frame, provide both vertical and horizontal magnification. This is adjustable in a 30 deg. arc; that makes reading for the short fellows a lot easier.

Other features:

(1) The scale has a three-piece Plaskon (urea formaldehyde) housing, instead of the previous seven-part housing. The new housing "floats" on rubber in its base attachment; there are no screws to put the plastic in compression, so it's less liable to crack and warp.

(2) Two-pendulum weighing movement makes it unnecessary to relevel the scale every time it is moved.

(3) Leveling feet can be placed in seven selective positions on the base. Hence the scale will fit on a 10-in. shelf.

(4) The design provides smooth,

rounded surfaces that make cleaning easy.

• Availability: 30 days.

Magnetic Yarn-Winder

A device that pinches yarn magnetically to give it tension for winding is a development of Universal Winding Co., Providence 1, R. I.

Here's how it works: The yarn runs between a loosely mounted tension leaf and a plate. On the back of the plate, there is a small permanent magnet. This magnet attracts the leaf and causes it to press against the plate. Thus, the yarn is sandwiched between the two metal surfaces; that causes tension when you pull the yarn for winding.

Universal cites several advantages for the device: (1) fewer breaks in the filaments; (2) smooth, even tension; (3) constant control. Magnetension is designed primarily for synthetic yarn; the company hopes, however, that tests will show it can be used for other fibers.

• Availability: small quantities by September.

Low-Cost Microfilmer

Businessmen can now get an inexpensive microfilming setup with just two pieces of equipment: (1) a Model B Bolsey Camera; (2) a stand attachment that Bolsey has developed for photographing documents and letters.

The base of the stand is a rigid metallic board which supports a tubular column. Fastened on the top of this column is an arm with a small crib that holds the camera. In this position the camera faces downward; the viewfinder covers the area to be filmed. A tubular 40-w. lamp on the arm lights the papers that are photographed.

The camera, an f:3.2, 35-mm. model, will take 36 shots on a roll of film. Papers up to legal size can be photographed on the stand; larger sheets (up to 2 ft. x 3 ft.) can be handled by swinging the arm and camera over the end of a desk to film the paper on the floor. The stand can be adapted to hold cameras made by other manufacturers. Bolsey Corp. of America is at 118 E. 25th St., New York.

• Availability: September.

Bonding Tape

A film of pure adhesive—that comes in rolls like tape and is not tacky to the touch—will bond metal to metal, or metal to fiber, wood, or plastic. It's called "Scotch-Weld" bonding film. It's made by Minnesota Mining & Mfg. Co., 900 Fauquier Ave., St. Paul, Minn.

The film develops shear strengths up

to 3,500 p.s.i. It is placed between the units to be bonded; then it is cured by simultaneous application of heat (300 F-500 F) and pressure (25 to 100 p.s.i.). Degree of heat, amount of pressure, and time of application (5 to 60 min.) are determined by the specific type and strength of bond desired.

The maker says it's inert to water, oils, and most solvents, and that it will maintain its properties in rolled form for long periods. Surface preparation for its use requires only conventional cleaning.

• Availability: two to four weeks.

Adjustable Tread Tractor

Model WD is a new two-plow, general-purpose farm tractor, manufactured by Allis-Chalmers Mfg. Co., Milwaukee. It has an automatic, rear-wheel, power tread adjustment. Using the power of the engine, the operator can, by remote control, move the treads to the spacing he needs.

The tractor has a dual clutch system. The engine clutch controls all power outlets; the transmission clutch enables the operator to start or stop the tractor without disturbing or stopping the flow of power to the power takeoff, belt pulley, or hydraulic system.

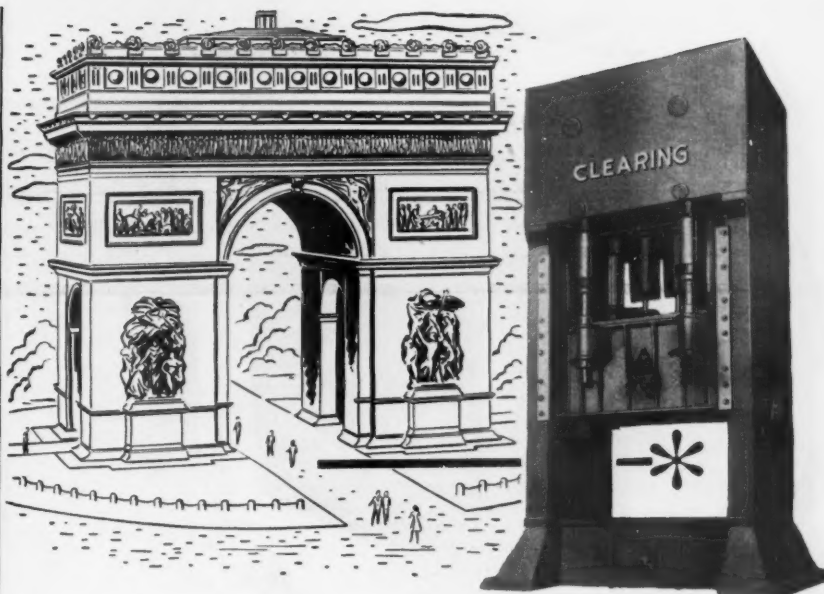
A five-way hydraulic system lifts and lowers implements, holds them in position, regulates working depth, controls draft. A single lever provides finger-tip control; the operator need not take his hand off the steering wheel. A line of quick-hitch hydraulically controlled implements, both mounted and pull-type, has been designed for the tractor.

• Availability: On a priority basis.



Electrical Gaging

If you need close measurement of pressure, temperature, or weight in your processing operations, "Atcotran" may



ARCH of TRIUMPH

In America, man has triumphed over the necessity for constant back-breaking toil and has won far more than mere subsistence as the reward for his labor. An Arch of Triumph to represent that victory could well be modelled after a Clearing press, because this machine represents the ultimate development of means to rapid mass production at minimum man-hour cost.

When an article of any kind—an automobile, a refrigerator, or a can-opener—is made with a press, it sells for far less than would be possible by any other means of production. That means more people can afford to use that article. It means that the men who make the article can be well rewarded for their labor. It means that the owner of the press can normally expect a comfortable working margin between cost and selling price.

Many a part formerly cast or machined is now being produced—complete, ready for assembly—by Clearing presses. Costs are invariably lower, while the usefulness of the part is often actually enhanced. Let Clearing engineers show you how to apply these economies and advantages to your production.

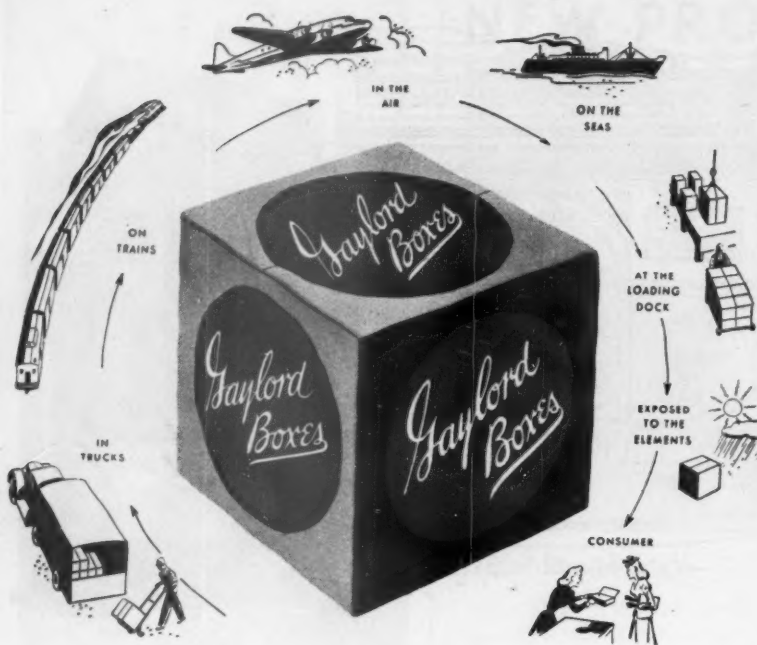
CLEARING MACHINE CORPORATION

6499 West 65th Street • Chicago 38, Illinois

CLEARING

THE WAY TO EFFICIENT MASS PRODUCTION





ON GUARD

TO MINIMIZE YOUR SHIPPING RISKS

No matter how long or rugged the trip for your products from factory to user, Gaylord Boxes are designed to assure safe delivery. Their protection reduces damage claims and helps you promote greater customer good will.

- Corrugated and Solid Fibre Boxes
- Folding Cartons
- Kraft Grocery Bags and Sacks
- Kraft Paper and Specialties

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 City • Bogalusa • Milwaukee • Chattanooga • Wealaco • New Haven
 Appleton • Hickory • Greensboro • Sumter • Jackson • Miami

help. It's a precision-measuring system that operates on electrical principles.

Automatic Temperature Controller Co., Inc., 5212 Pulaski Ave., Philadelphia, 44, is the maker. A.T.C. engineers say it is based on "applying a differential transformer, which develops a linear output, to standard primary measuring elements like bourdon tubes or bellows." In simpler terms, the tube or bellows (which in conventional instruments actuates pointers through levers and linkages) moves a transformer armature. Slight movement of the armature changes electrical output; this is the basis of measurement.

Since the tube is not loaded with instrumentation gear (bearings, springs, levers) frictional losses are minimized, and "zero" adjustment is easy. Gages loaded to "full range" consistently return to "zero" position (within accuracy limitations). Atcotran bourdon pressure-tube transmitters and standard receivers are designed to be accurate to within 0.25% reading and to have a sensitivity of one part in 4,000 or better. Any number of transmitters can be read from one common indicator equipped with selector switches. Pressure indicators are available in a variety of ranges—from 0–30 p.s.i. in steps up to 0–10,000 p.s.i. The principle, the company says, is adaptable to numerous industriable measuring applications.

● Availability: four to six weeks.

Coin Meter

Automatic electrical appliances or merchandising units can be converted quickly to coin operation with a package coin collector developed by Miller-Harris Instrument Co., 836 N. 4th St., Milwaukee 3.

The unit attaches either to the machine or wall. In the device, an A.B.T. Mfg. Co. slug-rejector mechanism checks the size, weight, hardness, and metallic content of each coin. A Telechron motor provides timing. A special electrical-interlock system protects the user against loss of coin if current fails, and prevents free or multiple operation on one coin.

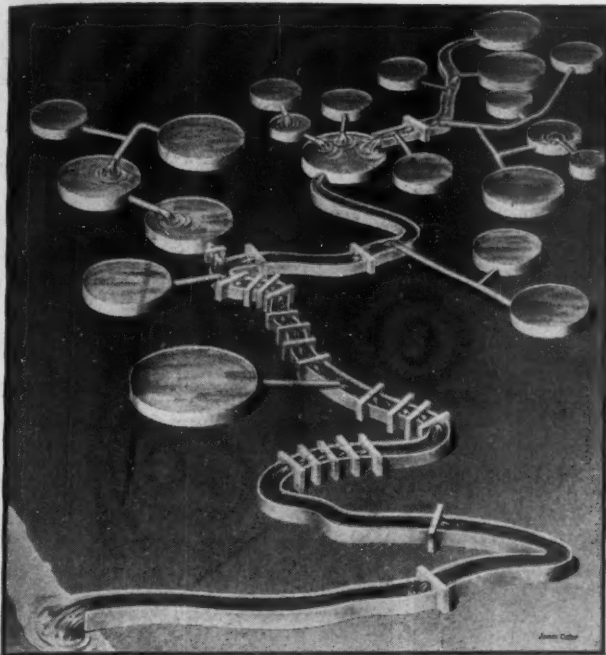
Models are available for nickels, dimes, and quarters, timing periods of 15, 20, 30, and 60 min., and 115 or 230 volt current.

● Availability: two to four weeks.

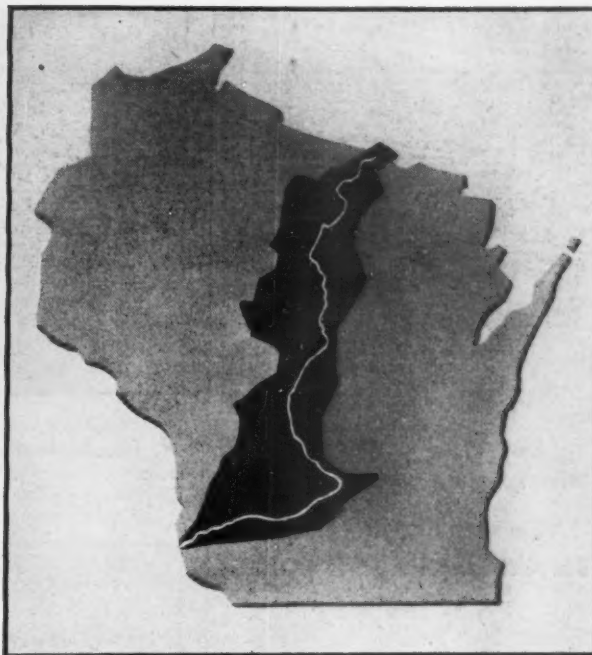
P. S.

Gas-oil conversion burner, developed at the Midwest Research Institute (BW—Sep. 7 '46, p. 21) in cooperation with the research laboratories of the Gas Service Co., Kansas City, is now slated for manufacture. The design is licensed, and the first units for home installation will be built by Roberts-Gordon Appliance Corp., Buffalo, N. Y.

UTILITIES



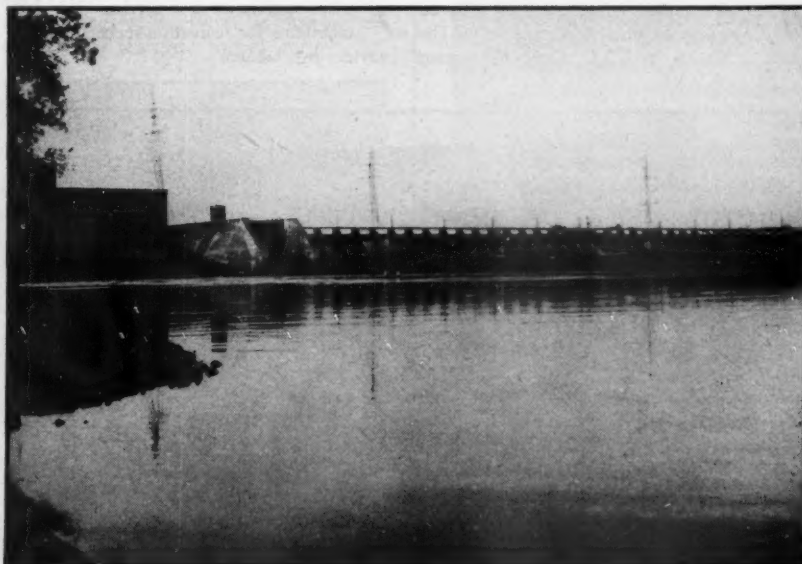
1 Wisconsin River diagram shows how system of 21 reservoirs gives constant flow of water for 24 power dams. The entire system is controlled by the Wisconsin Valley Improvement Co.



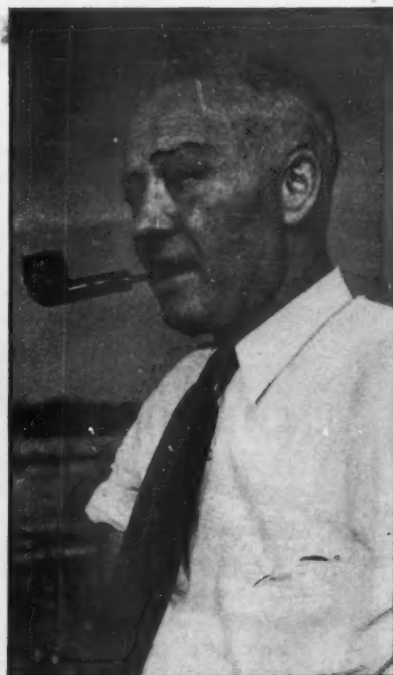
2 The 430-mile valley of the Wisconsin (black area) starts at the Michigan border, cuts south through the entire state, and joins the Mississippi River at the southwest corner

River Harnessed by Private Capital

Hard-working Wisconsin River makes profit for Wisconsin Valley Improvement Co., yielding power, flood control, recreation.



3 Power dams along the river are owned by the companies that hold stock in W.V.I.C. This dam—largest of the lot—is Prairie du Sac. It belongs to Wisconsin Power & Light Co. All told, the power plants throughout the system develop 188,000 hp.



4 General manager and vice-president M. V. Kyler is the sparkplug in W.V.I.C. (TURN TO PAGE 62)



NATIONAL CITY BANK TRAVELERS CHECKS

Point the way
to
carefree travel

Lost or stolen funds could mean a ruined trip! So—no matter how rushed you are—take time to be safe. Convert your travel money into NCB Travelers Checks and enjoy a carefree journey.

NCB Travelers Checks are safe as a bank vault, yet as convenient and spendable as cash. You sign(*) them when you buy them, countersign(**) them when you wish to spend them. If lost or stolen, uncountersigned, you get a prompt refund.

The name of The National City Bank of New York on your checks is your assurance of immediate acceptance anywhere in the world.

In denominations of \$10, \$20, \$50 and \$100. Cost 75¢ per \$100.

Ask for them at your bank.

NCB TRAVELERS CHECKS



BACKED BY
THE NATIONAL CITY BANK
OF NEW YORK

First in World Wide Banking
Member Federal Deposit Insurance Corporation



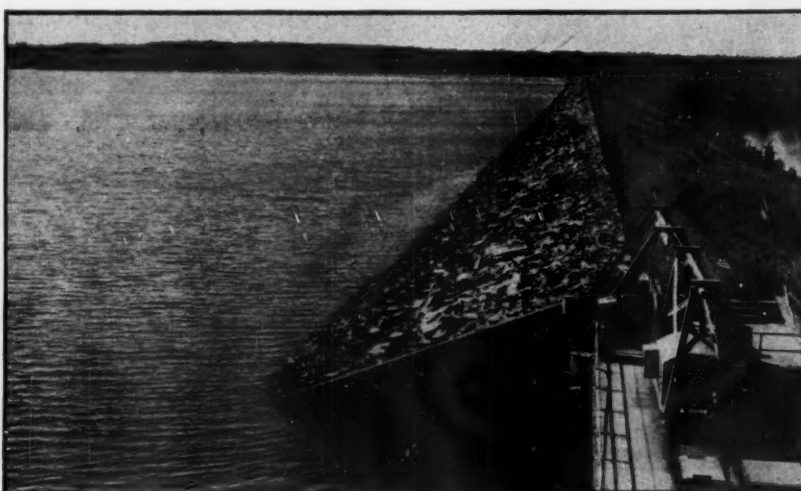
5 Boss Kyler controls the water flow throughout the entire Wisconsin Valley system from his headquarters at Wausau. Here he checks an hourly report on water levels along the river. He keeps W.V.I.C.'s customers in close touch with conditions



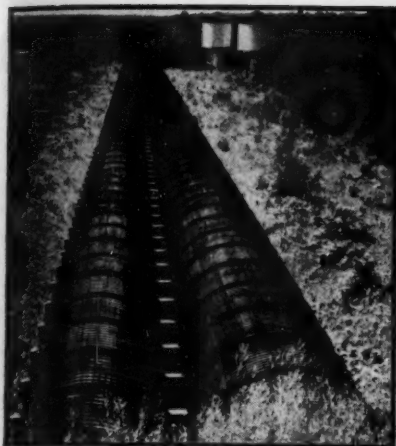
6 Kyler's father keeps constant tab on rain gage to predict stream flow. His work is part of W.V.I.C. research program



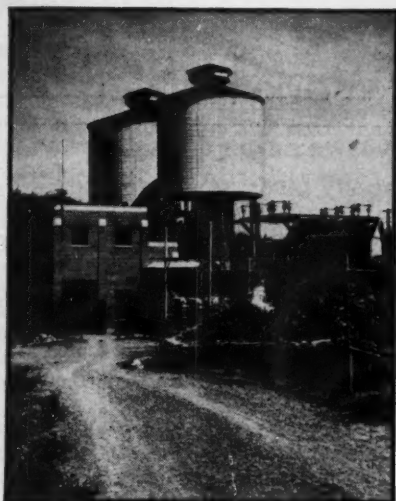
7 This boat hoist is a service W.V.I.C. maintains for recreation-seekers. It also provides fish ladders



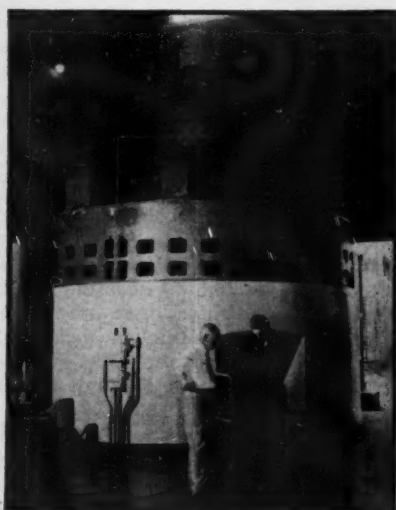
8 Eau Pleine is W.V.I.C.'s biggest reservoir, but it plans one still bigger. The reservoirs perform a dual role: They check floods and supply water for hydro power



9 Wooden penstocks carry water down to Grandfather Falls power plant of the Wisconsin Public Service Corp.



10 Surge tanks keep penstocks from shattering when valves at turbine are closed; they dissipate water's force



11 This generator at Grandfather Falls turns out a constant flow of cheap electric power (TURN TO PAGE 64)

What's behind the dial?



Behind the dial is the *heart* of your business—your records! Think—how could you continue after fire destroyed your inventory records, accounts receivable, tax records, deeds and contracts? How could you even establish proof of loss to collect your fire insurance? 4 out of 10 firms never reopen after losing their records! That's why your safe is so important!

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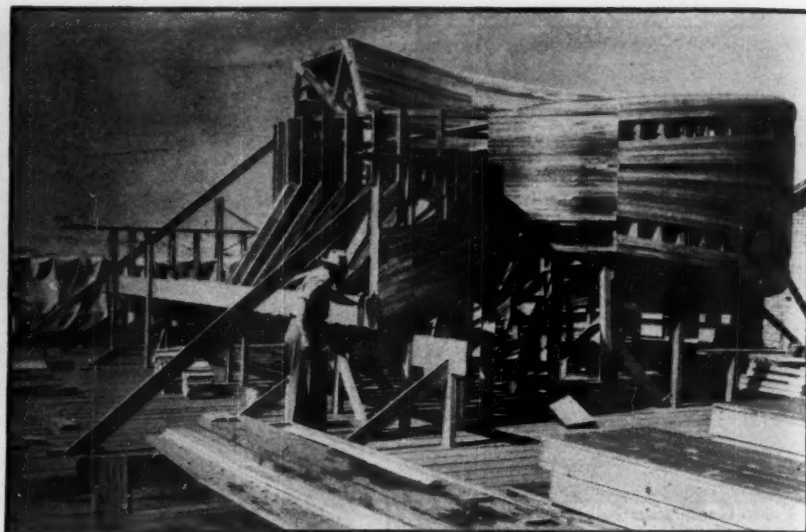
from the smallest up to 1/2" thick, from flat or coiled strips of metal up to 30" wide, and even wider, on a highly standardized Yoder Cold-Roll-Forming Machine. Any good mechanic can learn operation in a few weeks from a Yoder service engineer.

With normal production rate of 100 feet per minute, conversion cost ranges from one to three dollars per ton for medium heavy structurals.

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THE YODER COMPANY
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12 Carpenters work on wooden mold for concrete scroll case at the new Petenwell dam near Necedah. This is one of the new projects that will help . . .

To Make the River Work Harder

Wisconsin River utilities have two power dams under way, and the valley's improvement company plans new reservoirs.

The Wisconsin Valley Improvement Co. is about as near as you can come to a privately-owned-and-financed version of the Tennessee Valley Authority.

• **On a Smaller Scale**—In many ways, of course, the two projects can't be compared. People in central Wisconsin may call the 430-mile Wisconsin River the "hardest working river in the country"—but it can't touch the Tennessee for length or volume of water. Nor does W.V.I.C.—with its 40 employees—have anything like the social and economic ramifications of TVA.

On a limited scale, W.V.I.C. does much the same basic job as TVA, however. It is in charge of developing the Wisconsin River from one end to the other on a planned, integrated basis; it provides flood control, creates recreational facilities, controls stream flow for hydroelectric power.

• **Still Expanding**—The Wisconsin project is still expanding; it probably will continue to do so for some time. A fair amount of work lies ahead before W.V.I.C. has fully developed the remaining reservoir sites. There are two power projects now under construction by Wisconsin River Power Co., which is owned by three member-companies of W.V.I.C.; the projects are Petenwell dam, which will generate power in 1950, and Castle Rock dam, in 1951.

Electrical World, a McGraw-Hill publication, told the story of W.V.I.C. this week as a unique example for the rest of the country. It shows how the integrated development of a river can be handled on a regional, locally fi-

nanced basis—and turn over a profit to the stockholders.

• **Its Charter**—The corporation got its charter 41 years ago. It grew out of conferences among valley businessmen plagued by floods. It took several tries to get the charter through the state legislature.

Under the charter, W.V.I.C. must produce "as nearly a uniform flow as practicable," control floods, provide certain levels of water at stipulated points. The legislature also attached a string: W.V.I.C.'s charter is revocable. And the company must pay local, state, and federal taxes.

• **The Stockholders**—The corporation has its headquarters at Wausau, about midway along the river. It is owned by nine stockholders—two of them utilities, the rest paper companies. The stockholders are also customers of W.V.I.C., since the charter limits holdings to those benefited—or capable of being benefited—by W.V.I.C.'s reservoirs. Among the stockholders are: Consolidated Water Power & Paper Co., Wisconsin Power & Light Co., and Wisconsin Public Service Corp. (these three are building the new dams through their subsidiary, Wisconsin River Power); Marathon Corp.; Nekoosa Edwards Paper Co.

W.V.I.C. now owns and operates 21 reservoirs which can impound some 17-million cu. ft. of water.

• **W.V.I.C.'s Revenues**—Selling water to power plants earns W.V.I.C. its revenues. Its customers don't pay according to the amount of water they

actually use, but "in proportion to the benefits conferred." In short, the customers pay whether they use the water or not, a factor which tends to give W.V.I.C. financial stability.

All told, W.V.I.C.'s tolls may not exceed the amount necessary to cover all operating and other expenses, plus a net return of not more than 7% on invested capital. (W.V.I.C., however, doesn't go the limit; its returns have averaged only about 4.4% for some years.) Tolls for the last half of 1947 were \$125,925.

• **How Kyler Works**—The mainspring of the whole operation is W.V.I.C.'s energetic general manager, M. V. Kyler. He runs the river from a Wausau office that is noted for its streamlined, modern decor. Aside from his office, Kyler is also famed for two other things: his ability to get cooperation, and his talent for public relations.

Kyler hasn't, of course, dictatorial powers over the river. So he has to be a diplomat to get cooperation among the stockholders—all of whom have a big stake in how much W.V.I.C. can do for them. At the same time he has to keep the public happy—to avert a hue and cry for public ownership. Kyler, therefore, spends much time carrying W.V.I.C.'s story to the people of Wisconsin in person, and seeing to it that vacationers enjoy constant water levels in the lakes.

• **Cooperation and Research**—Kyler's system works. There is minimum wastage of water. Kyler collects information on stream conditions hourly. On this basis he schedules water flow as far as that's possible. And he keeps his customers in close touch with W.V.I.C.'s actions so that they know how much water they are going to get.

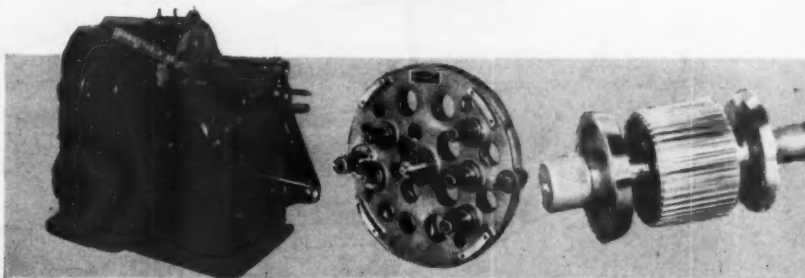
Under Kyler, W.V.I.C. has carried on a research program, with the help of federal and state bureaus, and the University of Wisconsin. The hydrological research project is studying wind velocity, humidity, temperature, and moisture conditions. It doesn't, of course, tackle anything like TVA's list of projects, such as real navigation, malaria control, fertilizer research, soil development.

• **Job Ahead**—W.V.I.C. figures that it still has three reservoirs to build. The biggest one planned is the George Mead Reservoir, on the Eau Pleine River, 25 miles from Wausau. It may be some time before this gets under way. At today's price level for farm acreage, it would cost W.V.I.C. too much money to buy the necessary land.

As far as power sites go, there's considerable more work to be done along the Wisconsin River Valley. After the two power dams being built by Wisconsin River Power Co. are finished, there will be six more to go. Such dams are built by the stockholding companies; W.V.I.C. builds the reservoir dams.



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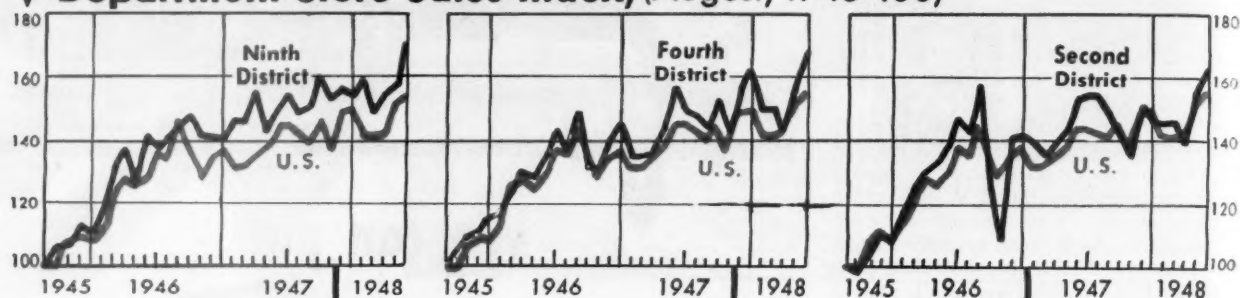
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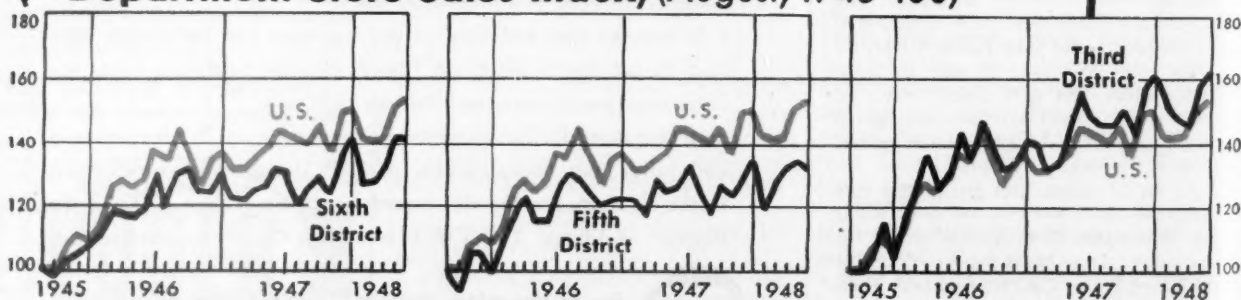
U. S. Sales Map Shows Postwar Shifts in

Department Store Sales Index, (August, 1945=100)



Data: Federal Reserve Board.
© BUSINESS WEEK

Department Store Sales Index, (August, 1945=100)



Department store sales have shown major deviations from the national trend in six Federal Reserve districts, have stuck close to the national average elsewhere

in Trade Volume

Department stores' sales in four Federal Reserve districts run ahead of national average, climb less rapidly in two others.

From one end of the country to the other, retail sales are moving one way—up. Everybody seems to be sharing in the general prosperity. But put one region against another on the map (opposite page), and you'll see a difference in the degree of that prosperity.

There were, of course, regional variations during the war boom, but they followed a pattern of their own. Now, in the postwar variations, you can begin to trace, here and there, a few of the old prewar patterns.

• **Causes**—These postwar shifts are due mainly to three factors:

(1) Cuts in big government outlays for war materials, war plants, military wages, etc.

(2) The normal commercial strength in established industrial areas—Cleveland, New York, and Philadelphia, for example—has reasserted itself.

(3) Big farm incomes have helped the grain and cattle states.

• **Plotting the Picture**—In all Federal Reserve districts, department store sales have continued to climb—from a national average of 100 in August, 1945, to 154.5 in May, 1948.

Six of the districts (Boston, Chicago, Dallas, Kansas City, St. Louis, San Francisco) have stuck close to the nation's upward curve.

The New York, Philadelphia, Cleveland, and Minneapolis districts have beaten the national average.

On the other hand, in the Richmond and Atlanta districts, the rate of increase has lagged behind the general trend.

• **Comparison**—Department store sales, of course, don't tell the whole story. They account for less than 10% of all retail sales. Nevertheless, Federal Reserve economists agree generally that the department-store sales index mirrors—although on a lower level—the activity of all retail sales by districts (chart, page 68).

In explaining the new patterns, one thing is clear: You can't finish the sentence, "Retail sales in the Cleveland area are gaining faster than the national average because . . ." in 25 words or less. One complication: In some cases, the district average is at variance with the

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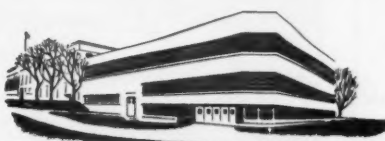
Stretching out instead of up, this comfortable new apartment group is built on a hill. The problem of heating apartments below the level of the boiler was solved with a Trane system. Trane Convactor-radiators give each room in each apartment individual heat control.



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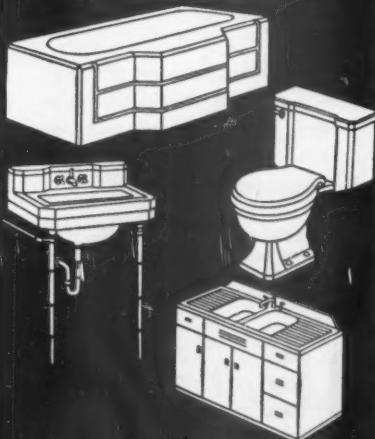
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average of the district's principal cities.

- **Atlanta Below Par**—The Atlanta (Sixth) Federal Reserve district, for example, is markedly below the national postwar growth curve. Yet the city of Atlanta has a boom of its own.

During the war, the whole district boomed—more so than a lot of the other districts. In August, 1945, that region's department store sales index, calculated on 1935-39 as 100, stood at 277. The figure for the nation was 200.

The Atlanta district's wartime increase in income, which showed up in the sales increase, was due primarily to a flood of military expenditures. Army and Navy installations sprang up all over the South. Service personnel, and civilians employed by the services, poured money into the South's pocket. Some war manufacturing sprang up in the area, though not so much as elsewhere. These war plants weren't the kind that could switch readily to peacetime output.

- **Lost: A Big Spender**—When the war ended, Atlanta lost its big spender—the armed services. So the district faced the postwar period armed chiefly with its prewar sources of income: nondurable goods factories and farms.

- **Back to Farm**—As the Army evaporated, its civilian employees drifted back to less lucrative jobs on the farm. Between January, 1945, and January, 1947, the farm population of the Atlanta district swelled 12.4%; the rate of increase for the whole country was only 9.4%. (A part of this increase might mean only that more people are living in the country, not that there are more real farmers.)

The net result of all this was a less-

than-national increase in the district's postwar income payments. Personal bank deposits shrank, while those of the nation generally increased slightly.

Thus, the Atlanta district has lost some of the unusual edge it enjoyed during the war. Although retail sales are still high, the district isn't so desirable a marketplace, relatively speaking, as it was before V-J Day. Still, it may be that purchasing power hasn't felt the effect of such influences as Atlanta's new Ford and General Motors plants.

- **Richmond Slow, Too**—The Richmond (Fifth) Federal Reserve district is another that has dragged its feet as an area (some sections of the district, though, have posted large gains). Here, too, as in Atlanta, the loss of government income has helped to keep the region's postwar gains below the national average.

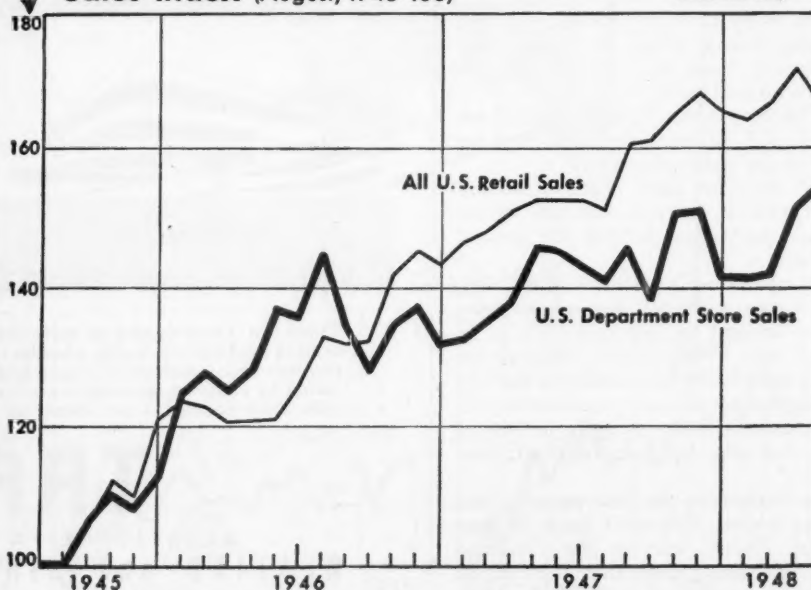
Two cities—Baltimore and Washington—weigh this district's ledger on the downside. A large volume of manufacturing stopped in Baltimore when the war did, causing sales to lag noticeably; the war's end also hit the growth pattern of retail sales in Washington, D. C.

Another reason for the Richmond district's showing is the back-to-the-farm movement. This trek has affected spending power. Here's how: During the war, a farm family had an income not only from farming, but also from civilian employment with the Army, and from factory work. Now that's gone.

- **Minneapolis Up**—The sales spurt in the Minneapolis (Ninth) district is due almost entirely to the jump in farm prosperity. Cash income from farm

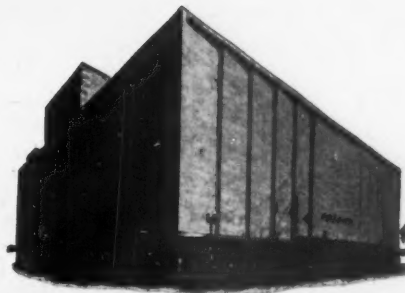
↓ Sales Index (August, 1945=100)

Data: Federal Reserve Board.
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SIMILAR UPS AND DOWNS for both department store sales and all retail sales permit use of department store index to gage buying trends

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AAF Electronic Precipitators Assure Super-Clean Air For Shoppers In New Houston, Texas Store

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Air inside this 12 million dollar store is free from dust, dirt, lint and smoke. It's a pleasant place for customers to shop. Management benefits, too, because super-clean air cuts cleaning and maintenance costs—keeps merchandise more appealing with a fresh-from-the-maker appearance. Every part of this store is engineered for efficiency and smooth operation, including the air.

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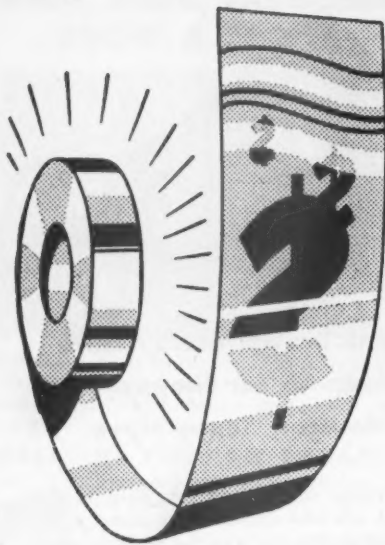
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marketings for this district soared, almost 50% from 1945 to 1947; it's going along at a good clip this year.

The Minneapolis district had relatively few war factories. So it escaped the letdown that some of the other districts felt when the war ended. On the other hand, the district has lagged behind the national average for manufacturing employment since the war's end. Factory employment nationally has gone up about 16% since 1945; in the Minneapolis district, it has risen only 1.3%. Montana, North Dakota, and South Dakota have had job gains ranging from 17% to 21.2%; but Minnesota, which dominates the district's averages, declined 1.4%. That's mainly because what war plants there were were centered around the Twin Cities—and these plants cut their payrolls considerably after the war. Still, the farm income for the district has grown enough to wash out any deficit caused by a lag in manufacturing—and to put the Minneapolis district ahead of the nation.

• **Cleveland Climbs**—The Cleveland (Fourth) Federal Reserve district is a big producer of heavy goods and raw materials, especially steel and coal. During the war, the factories, mines, and ovens in the area marched double time. And the wage money poured into the stores.

The war's end brought strikes and re-conversion headaches. But once these were settled, the factories again ran at a gallop, turning out the goods for which a five-year demand had built up. And since the demand is still there, the factories continue to produce. They pay good wages, and keep the district in front of the national sales average.

• **New York and Philadelphia**—The New York (Second) and Philadelphia (Third) districts have boosted their postwar prosperity faster than the rest of the nation for several reasons common to them both. These areas, big producers of soft goods, were already going strong industrially before the war came.

During the war, their rate of retail sales gain fell behind the national figures. This was mainly because much of the war plant-building was going on in less-developed sections of the country. Furthermore, these districts were getting fewer army camps than, for example, the South. For these older industrial areas, the war was not the great shot in the arm that it was elsewhere.

In the Philadelphia district, for instance, wage and salary incomes gained 19.7% in 1942, as against a national gain of 32.4%. In 1943, Philadelphia's increase amounted to 12.0%, while the nation gained 29.0%.

• **Catching Up**—But with the war's end, the veteran industrial areas came into their own. The basic prewar industries continued to run full blast, trying to

catch up with demand. And in 1946 when the U. S. wage and salary income dipped 5.4%, Philadelphia district incomes rose 15.7%. There was a similar spread, although not so wide, in 1947.

Another point favoring these districts has been their ability to convert wartime plants into peacetime manufacture. Syracuse and Buffalo, N. Y., are good examples of cities that have held their wartime manufacturing gains.

This has added up to a reassertion of the natural commercial strength in these highly industrialized districts. And consequently, it has put postwar sales gains in the New York and Philadelphia districts ahead of the national average.

• **Following the Curve**—The other six districts have pretty well hewed to the national average. That's largely because many of the factors that elsewhere caused variations from the pattern have cancelled each other out. In the Kansas City (Tenth) district, for example, the decrease in spending power caused by the shutdown of aircraft plants has been balanced by the increase in farm incomes. Similar combinations of income factors in other districts have kept retail sales from making spectacular variations around the national average.



Check Your Youngster?

Historic Boston Common, long a rendezvous for amorous youth, recently turned romping place for the youngsters. The Boston Park Dept. has set up a day nursery in the Common where mothers can leave their children while shopping. And summer-touring parents find it a convenient place to put Junior while they're off seeing the sights of the city. Half a dozen supervisors are on hand to break up fights, give first aid if needed. No charge is made for the service. As many as 450 children have been left at "Playland" in a day.

How Automobile Prices Stack Up

You can still resell the new car you bought last year, in most cases, for what you paid or better. But the money you get for it probably won't cover your outlay for this year's model—even if you can get the new one without paying a "used-car-lot" premium.

Here's how the "factory delivered prices" on the current crop of four-door sedans stack up with last year and with each other. (Prices

read from cheapest to most expensive.) The prices include (1) basic, stripped-down factory price; (2) dealer margin; (3) federal excise tax—plus a few other minor charges that some companies add in.

Some of these prices are not strictly comparable with 1947. Hudson, Packard, and Ford, for example, have made major model changes since Business Week's last listing (BW—May 3 '47, p40).

	1948	1947
Chevrolet Stylemaster	\$1,371.00	\$1,206.00
Plymouth De Luxe	1,379.50	1,209.50
Chevrolet Fleetmaster	1,439.00	1,280.00
Plymouth Special De Luxe	1,457.50	1,298.25
Chevrolet Fleetline	1,492.00	1,309.00
Ford De Luxe 6	1,494.88	1,233.87
Nash 600 Slipstream	1,523.05	1,319.75
Nash 600 Trunk	1,567.05	1,363.75
Ford De Luxe 8	1,581.30	1,286.49
Ford Custom 6	1,625.88	1,277.02
Studebaker Champion De Luxe	1,635.50	1,388.00
Pontiac Torpedo 6	1,641.00	1,433.00
Dodge De Luxe	1,655.00	1,430.00
Oldsmobile 66	1,677.00	1,471.00
Pontiac Torpedo 8	1,689.00	1,480.00
Ford Custom 8	1,699.67	1,365.43
Studebaker Champion Regal De Luxe	1,711.00	1,462.00
Pontiac Streamliner 6	1,727.00	1,514.00
Dodge Custom	1,730.00	1,484.75
Oldsmobile 68	1,735.00	1,527.00
Pontiac Streamliner 8	1,775.00	1,561.00
Buick Special	1,786.00	1,580.00
Olds 76	1,801.00	1,568.00
Nash Ambassador Slipstream	1,848.95	1,589.30
Olds 78	1,859.00	1,624.00
Chrysler Royal	1,863.75	1,666.50
Nash Ambassador Trunk	1,890.95	1,631.30
DeSoto De Luxe	1,916.40	1,561.25
Chrysler Windsor	1,926.75	1,719.25
Studebaker Commander De Luxe	1,956.25	1,657.00
DeSoto Custom	1,979.65	1,616.00
Studebaker Commander Regal De Luxe	2,077.50	1,779.00
Buick Super	2,087.00	1,822.00
Mercury	2,116.00	1,562.29
Hudson Super 6	2,133.50	1,649.25
Olds 98	2,151.00	1,812.00
Chrysler Saratoga	2,192.25	1,989.50
Kaiser	2,213.57	1,994.78
Hudson Super 8	2,249.70	1,761.50
Studebaker Land Cruiser	2,264.75	1,925.00
Packard Standard 8	2,275.00
Hudson Commodore 6	2,307.25	1,796.00
Chrysler New Yorker	2,308.00	2,094.75
Hudson Commodore 8	2,417.95	1,871.50
Buick Roadmaster	2,418.00	2,110.00
Frazer	2,453.37	2,215.02
Packard De Luxe 8	2,543.00	1,947.00
Lincoln	2,680.50	2,395.64
Packard Super 8	2,827.00	2,391.00
Cadillac 61	2,833.00	2,203.00
Cadillac 62	2,996.00	2,386.00
Lincoln Cosmopolitan	3,344.00
Packard Custom Super 8	3,750.00	3,274.00
Cadillac 60 Special	3,820.00	3,126.00
Cadillac 75	4,779.00	4,340.00



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This book has one purpose—to help you sell **MORE, easier**. It developed out of the Dale Carnegie Institute's need for a manual on selling that told not what to do but **HOW TO DO IT**. This book not only lists the qualities you need to sell successfully, it shows you **HOW TO DEVELOP** those qualities. It gives you a few principles to apply to your selling activities—and, most important, it shows you **HOW TO APPLY THEM** quickly, easily, profitably.

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Send me Percy Whiting's *The 5 Great Rules of Selling* for 10 days' free examination. In 10 days I will either send you \$3.00, plus a few cents postage, or return the book. (Postage paid on cash orders.)

Name

Address

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Company

Position BW-8-14-48

Airfreight Deal

Air Cargo, Inc., signs with truckers to give pickup, delivery service to shippers not on scheduled airline routes.

Midwest shippers located off airline routes can now ship—and receive—goods by airfreight. That's the result of a deal between Air Cargo, Inc., ground service organization, owned by the scheduled airlines, and Central States Motor Freight Bureau of Chicago. Last week they signed an agreement for off-air-route pickup and delivery service.

• **850 Truckers**—Central States Motor Freight represents 850 midwestern trucking companies. They cover an area east of the Mississippi to Pittsburgh and Buffalo, N. Y., and north of the Ohio River to the Canadian border. The truckers will meet all airline cargo flights, provide first-class trucking service (the main feature of which is speed).

At present, the air-ground service requires two bills of lading—one for the airlift and one for the ground haul. Shippers also have to make separate payments to the truckers and the airlines. But plans are afoot to use a single, standardized form hereafter.

• **Approval**—The Interstate Commerce Commission has approved the agreement, first of a series planned by Air Cargo, Inc. And Air Cargo is currently negotiating with trucking groups in other areas. The company hopes to provide a door-to-door pickup and delivery service for all U. S. airfreight shippers within a year.

In another sense, Air Cargo's move shows that the certificated airlines are tightening up their competition with the noncertificated, all-cargo lines (BW—Jul. 10'48, p. 56).

• **Comeback?**—Meantime the all-cargo lines are seeking to give a similar service through airfreight forwarders and the Railway Express Agency, Inc.

GALLUP, ROBINSON JOIN

Two well-known pulse-feelers formed a new firm this week to specialize in advertising research. One is Dr. George Gallup, head of Audience Research, Inc. (BW—Jun. 19'48, p. 42); the other is Dr. Claude Robinson, president of Opinion Research Corp.

The new company is to be known as Gallup & Robinson. Its chief research tools will be the "Impact" procedures developed by Gallup to measure the effectiveness of ads.

Gallup & Robinson will work for one client only in a single product field. Each of the partners will continue to run the organization he now heads.

FINANCE



More women are taking lessons at more Singer Sewing Centers as...

Home-Sewing Booms Singer

Venerable, publicity-shy Singer Mfg. Co. has never lost money or passed a dividend payment. Now it is capitalizing on the increase in home-sewing by doubling its sales outlets.

Sewing machine manufacturers can thank the high cost of ready-made clothing for a sustained wave of prosperity.

You can grasp something of the dimensions of the home-sewing boom by glancing at the sales of piece-goods. Though these vary, as guesses will, they all point one way—upward. Last week, for instance, the National Credit Office, Inc., reported that store sales of fabrics zoomed 200% between 1939 and 1946. It puts 1946 sales at \$229-million—up \$76-million from 1939—and says 1947 sales were even higher.

• Leaps and Bounds—It isn't hard to imagine what this means in terms of business for the sewing machine manufacturers. A few years ago it looked as though the sewing machine market was about saturated (BW—Jul.12'41,p54). But not so: The number of women and girls who sew at home may now run to 28-million, an increase of more than 180% over prewar. And it is estimated that the number of sewing machines in U. S. homes has meanwhile leaped from about 18-million to 25-million.

Take the Singer Mfg. Co., billed as the world's largest manufacturer of domestic and industrial sewing machines: With an order backlog that will take a year to fill, it is in an expansive mood.

Singer has broken out with a slick new vacuum cleaner and an ambidextrous electric iron (BW—Jun.19'48,p70). Further, it has set out to double the network of Singer Sewing Centers—its sales outlets—throughout the country.

• Iron Curtain—Beyond these facts, however, you can't find out much more about the current business of this venerable and world-famous company, which dominates its field as few manufacturers have ever done.

Singer is still the model of dignified reticence in business. Even to financial experts, Singer is a big, though lucrative, enigma. One broker called by Business Week had in his files on Singer two old newspaper clippings and three outdated annual reports.

• Blue Chip—Yet Singer has been listed for years on the New York Curb Exchange, and has long been among the bluest of Wall Street's blue chips. Only one class of stock is outstanding; because of their high price, shares are traded in units of 10 instead of the customary 100-share blocks. Shares are now selling for about \$238 each after having hit \$270 earlier this year. Back in 1929 the stock sold for as much as \$631; 1946 saw a \$374 price.

The company's 1947 financial state-



Frigidaire

WATER COOLERS

Help keep employees at "Peak" efficiency in "Slump" weather

Discomfort breeds inefficiency. And hot weather means acute discomfort in offices, stores or factories without adequate facilities for plenty of cool, refreshing drinking water. Act to stave off a summer slump among your employees—by installing a Frigidaire Water Cooler now. Costs as little as two cents a day to operate. Installation can be made quickly, inexpensively—simply by plugging-in to electric outlet, in case of bottle-type coolers. Frigidaire Coolers available in many sizes—to meet all needs.

**Powered by the famous
METER-MISER MECHANISM
Cuts current cost to the bone**

Simplest refrigerating mechanism ever built! Sealed-in-steel—oiled for life. Backed by special 5-Year Warranty.

See Frigidaire—for products you can depend on... a name you can depend on... a dealer you can depend on! Find nearest Frigidaire Commercial Dealer's name in Classified Phone Directory under "Water Coolers" or "Refrigeration Equipment." Or write: Frigidaire, Dayton 1, Ohio; Leaside 12, Ontario.



You're twice as sure with two great names

FRIGIDAIRE made only by
GENERAL MOTORS

Commercial Refrigeration • Air Conditioning
Electrical Appliances for the Home

It saves up
to \$36 daily

The BELL Prime Mover



Bell Prime Movers combine the functions of giant wheelbarrows, half-ton platform trucks, and baby bulldozers... enable one man to do the work of four.



● Here are just a few examples of how Bell Prime Movers pay for themselves in an amazingly short time. If other companies can make these savings, so can your company...

A Pittsburgh steel manufacturer reports daily savings of 3 to 4 man-days per machine hauling residue from blast-furnace cleaning;

pouring concrete foundations; carrying ore to open hearths.

A large cemetery, with numerous 25% grades, saves 3 to 4 man-days per machine each day on wheelbarrow labor... removing surplus dirt, back filling, removing flowers, hauling matting, moving tools, tile, markers; pouring concrete foundations.

Many contractors report savings up to \$36 per machine each day on concrete pouring, "mucking", clean-up work. They acclaim Prime Movers for work on upper floors, for climbing steep ramps, for taking the abuse of continuous rough service.

We have hundreds of case histories covering almost every type of business. We'll gladly provide you with these additional facts as well as the names of nearby distributors who sell and service the Prime Mover.

A Few Features

- bucket holds 10 cubic feet... 18 with sideboards
- 50-inch scraper blade
- 9-square-foot platform body
- gear driven... no belts or chains
- clutch, engine, transmission fully enclosed... run in oil

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Please send me additional facts about the Bell Prime Mover.

Name

Company

Address City, Zone, and State

ment—which doesn't go in for modern dressing up of annual reports—showed that the company is in fine shape.

Assets totaled almost \$203-million, 54% of which is accounted for by the company's "securities" account. These securities are carried on Singer's books at \$109.7-million, approximately \$800,000 less than their market value. And cash holdings of Singer ran more than \$8.5-million, excluding about \$1.3-million in Canadian and British currency.

● **Sound Position**—Singer's current liabilities came to less than \$17-million, reserves for "insurance" and "rehabilitation" to \$29-million. Stockholders' equity in the business equaled \$207.14 a share, thanks to the \$90-million of capital stock and outstanding surplus of more than \$67-million.

Wall Street looks on Singer as a money-maker with few equals. What records there are show annual profits only no losses. The company has paid dividends every year since it was founded in 1863. And it even managed to squeak through 1932 with a net of \$2.4-million. In 1946, profits hit a 12-year high of \$15.2-million. Last year they were a little lower—\$13.7-million, or \$15.23 a share.

Though recent annual dividends haven't reached the sums paid out during 1926-29 (\$26 to \$48), stockholders can't complain too much. In 1946 they received \$16 a share. Last year the payments came to \$12, and it's expected they will be at least that this year.

In the domestic sewing machine manufacturing business Singer's nearest challenger is 70-year-old White Sewing Machine Co., a \$9.5-million Cleveland company that builds rotary and vibrator type machines, treadle and electric. Two smaller concerns, National Sewing Machine Co. of Belvidere, Ill., and Free Sewing Machine Co. of Rockford, Ill., about complete the roster of U. S. home sewing machine makers. In the industrial field, Singer's chief competitor is Union Special Machine Co., Chicago.

● **Success Story**—The Singer company has had a rags to riches career.

Izaak Singer was born in 1811, left his home in Oswego, N. Y., at 12. He wandered west, working as mechanic, cabinetmaker, and strolling actor, and paused long enough to design and patent (1839) a rock-drilling machine.

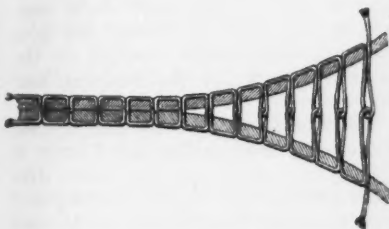
Stranded, Singer invented a machine to cut wooden type. A test model exploded, wrecking the plant that had agreed to produce the machine.

● **The Sewing Machine**—Moving on to Boston, Singer was employed in the machine shop of Orson Phelps. There Singer repaired a Lerow & Blodgett sewing machine, labeled it a mechanical fizzle, borrowed \$40 to build his own. His first was a failure, but only because the thread tension was faulty.

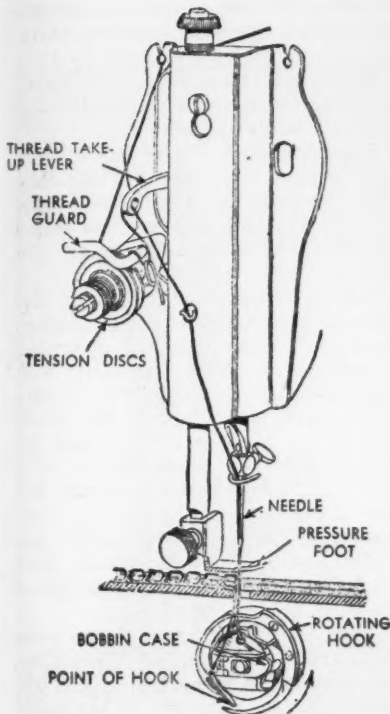
That was 1850. Singer hand-made

and sold dozens of machines before he received his first patent two years later. When he died in 1875, Singer left an estate of \$13-million and a growing business that made "Singer" synonymous with "sewing machine."

• **Difficulties**—But it didn't happen as easily as all that. Singer first tried a partnership, selling the first sewing machines in 1851 under the name of Singer, Phelps & Co. But in 1853, Elias Howe brought a lengthy suit charging



Modern Lock Stitch and...



...Machine That Makes It

At the top is the lock stitch that made Singer a household name. It is composed of (1) an upper or needle thread, and (2) a lower thread, which is fed from a bobbin. In the lower drawing, the Encyclopaedia Britannica shows how the lock stitch is formed by the Singer sewing machine. The needle pushes the thread through the cloth from the top, leaving a loop with enough slack for a rotating hook underneath to pass through. This hook inserts a thread fed from a bobbin in the hook assembly.

Aunt Mathilda's "rat" makes 1 apprentice better than 2 experts



An example of Twitchell materials in industry

EXPERT UPHOLSTERERS used to spend hours rolling up wads of hair, tow, or moss by hand to cover hard edges of springs and frames. The wads looked like the "rat" that your Aunt Mathilda wore in her hair. Every craftsman worked at a different speed. Each man made his roll round or flat, fat or thin, to suit his own taste.

Now, every year, Twitchell supplies upholsterers with hundreds of miles of soft, fibre edge-roll, covered with felt and ready for use. Any unskilled, low-cost apprentice can turn out work of unvarying high quality. And do it twice as fast as the craftsman who rolls his own.

One shop foreman said, "Can't be beat. It takes 5 minutes to tack edge-roll on a chair. It would take 45 minutes to shape a hand-roll."

Edge-roll is just one of the many different Twitchell products you meet every day. TEXTILENE fabrics are used for curtains, table mats, coasters, seat cushions. TEXTILENE basket weaves go into laundry hampers. TEXTILENE yarns are used in rugs. Other TEXTILENE materials go into motors, cables, auto fenders, auto seat frames, clothing, boats, and pre-fabricated houses.

For faster manufacturing . . . easy handling . . . colors . . . let us tell you about TEXTILENE fabrics, mats, cords, ribbons, bars, rods, basket weaves, and other materials. For complete information write today to E. W. TWITCHELL, INC., Third and Somerset Streets, Philadelphia 33, Pa. And when buying seat covers,

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to HERE



● It's an easy matter to define the "comfort zone" in a plant. It's that eight or ten feet above the floor that must be heated for employee comfort. But it's quite another matter to heat it economically and effectively when thirty feet of air space extend above it to the roof.

Such a problem faced the Minweld Steel Company in its new fabricating plant in Pittsburgh—and a Dravo Counterflo Heater solved it for them.

This powerful unit discharges warm air above the heads of the workers, circulates it through the working area, and returns it without drafts to the base of the heater for reheating and recirculating. This method maintains uniform heat throughout the 6,500 square foot working area—even though two 19-foot square truck doors open at each end, and metal-siding walls are broken by an abundance of windows.



Installation of the self-contained Dravo Counterflo Heater required only a fuel line, a power line and a small venting stack—no boiler room or piping. Ductwork, too, is unnecessary because capacity is ample to blanket a radius of 250 feet completely and evenly with warm air. The unit is entirely automatic . . . it is shut off at night—and at 6 A.M. the watchman simply flips a switch and the plant is warm fifteen minutes later.

Bulletin IR-516 contains valuable information about the Dravo Counterflo Heater which you can apply to your own heating problems. Write for it, Heating Section, Dravo Corporation, Dravo Building, Pittsburgh 22, Pa.



In a fabricating plant such as Minweld Steel Company, man-hours and efficiency are vitally important. "In a recent two week period," Owner William Minnotte says, "we estimated a saving of twenty man-hours because our men didn't have to stop work and try to get warm around old-fashioned coal stoves. Increased productivity, of course, is also tied to the increased comfort of our employees."

Dravo also manufactures the DRAVO CRANE CAB COOLER for air conditioning hot-metal crane cabs

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patent infringement. Howe won. When he died in 1867, Howe had amassed an estimated \$2-million in royalties, most of it through an amicable patent-pooling arrangement with Singer and other manufacturers.

When Howe sued, Singer's partner withdrew. But Singer found a new one and the company name became I. M. Singer & Co. It opened a factory and office in New York City in 1853.

● **Patent-Pooling**—By 1856 the sewing machine industry had formed a patent pool to protect itself from small competitors. As patents lapsed, the pool collapsed. And Singer emerged as the dominant factor in the business here and abroad.

Four companies — Singer; Howe; Wheeler & Wilson Co.; and Grover & Baker Co.—blanketed the field with their patents; they began licensing output to other manufacturers. At first Howe got \$5 on every machine built, but this royalty was cut to \$1 before his extended patent expired in 1867. The pooling arrangement lasted until 1877. ● **Growth**—In 1863 Singer's partnership with Clark was merged into Singer Mfg. Co., a New York corporation. In 1872 a factory was built in Elizabethport, N. J., and the next year Singer Mfg. Co. became a Jersey corporation.

From the start, Singer has led the field in home machines, but the company also makes 2,500 different sewing machines for both domestic and industrial use. The first electric Singer was built in 1889.

● **Foreign Branches**—The sewing machine business has grown quite complex since 1850. The Singer company has its main plant in Elizabethport, with smaller plants in Bridgeport, Conn.; South Bend, Ind.; Truman, Ark.; Pickens, S. C.; Finderne, N. J.; and St. Johns and Thurso, Quebec. Singer Mfg. Co., Ltd., incorporated in Great Britain in 1917, succeeding a private company registered in Scotland in 1905, has a plant at Singer, near Clydebank, Scotland. Singer Mfg. Co. owns 28½% of the U. K. firm.

The Singer company built and owns the Singer Building in New York City, once the tallest office building in the world (picture, page 79); it has an assessed value of more than \$7-million. The company owns 68,000 acres of timber in South Carolina, with 124-million board feet of hardwoods for its cabinet factory at Pickens. The Pickens establishment includes a power plant, sawmill, dry kilns, boiling vats, and a veneer plant.

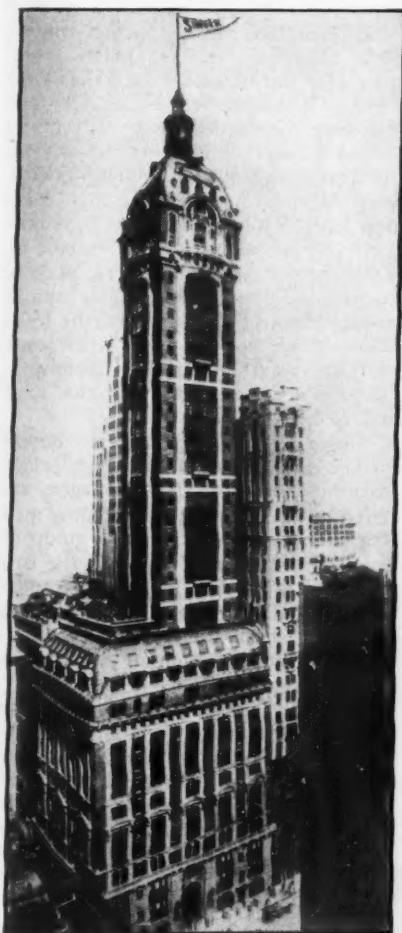
● **Subsidiaries**—Singer Sewing Machine Co. of New Jersey markets Singer products in the Western Hemisphere and in several other parts of the world. One subsidiary, Diehl Mfg. Co., makes electric motors. Another one—International Securities Co. of New Jersey—

holds interests in selling agencies abroad; Singer Mfg. Co. owns one third of the stock, having distributed the remainder to Singer stockholders as a special dividend in 1921.

Other subsidiaries include Poinsett Lumber Mfg. Co. and International Fidelity Insurance Co. Besides sewing machines, vacuum cleaners, and irons, Singer makes fans, other electrical appliances, surgical stitchers, and electrical bonding machines for plastics.

Sir Douglas Alexander has been president of Singer since 1905. He was knighted in 1921 in recognition of the services of Singer Mfg. Co., Ltd., to the British Empire during World War I. Sir Douglas, a Canadian lawyer, joined the company in 1896 as a vice-president. In 1945 his reported salary was \$100,000.

• **Known Everywhere**—In the early decades of its existence the Singer company pursued an aggressive sales policy that has probably never been matched by another American manufacturer. The Model T Ford penetrated to the end of the world's wagon trails—and sometimes a little beyond—but Singer Sewing Ma-



SINGER BUILDING in New York was the world's tallest when this photograph was taken (1906)



NIGHT watchmen can guard buildings.

Steel vaults can protect valuables.

Insurance can cover losses.

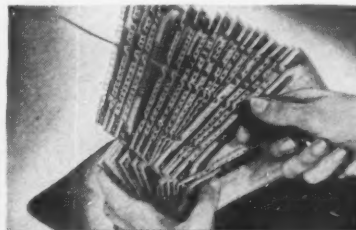
But one thing too few businesses protect themselves against is—stolen time! "Time stealers" can cost companies thousands of dollars every year.

Take the matter of check reconciliation, for instance. Some firms spend days—even weeks—to reconcile checks every month. Yet there's no need for employees to thumb through great batches of checks.

With McBee Keysort, checks can be reconciled with 50% to 80% more efficiency. It eliminates many laborious steps in sorting, checking, adding and inter-filing. *What's more, any clerk can handle the entire operation with hardly*

more than a half hour's training.

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KEYSORT CHECKS save countless man-hours every month by increasing the efficiency of check reconciliation 50% to 80%. Why not discover how this Keysort Method can be adapted to your business to help you save time and money?



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chines can be found today, as they could 75 years ago, in the remote jungles of Africa, across the Himalayas in Tibet, and in the tents of Arctic Indians.

How many domestic sewing machines Singer built—in 1883 or 1947—has never been disclosed. A guess would put this year's production above the half-million mark. The most the company will say is that demand is "terrific" and that the backlog of business will keep factories going for a year or more.

• **Home Sewing Boom**—Undoubtedly the adjective is correct. Singer's competitor, White, alone made 225,000 machines in 1941 and is expected to market 300,000 this year. While Singer sells through its own stores, White sells through department stores. It builds the White Rotary, and a subsidiary makes the Domestic Sewing Machine. White also makes the Kenmore machine for Sears, Roebuck & Co.

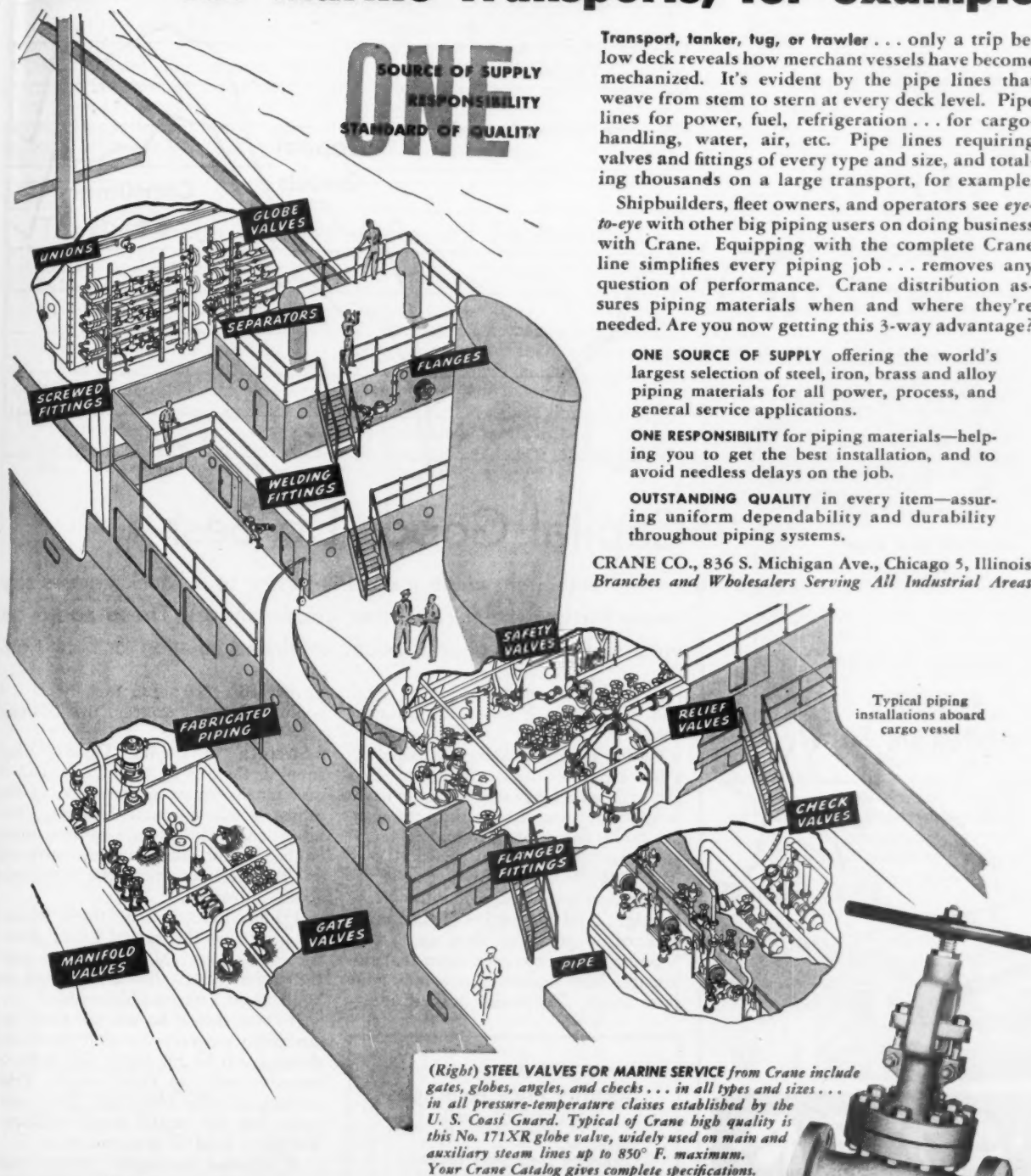
Before the war, women bought 60-million patterns a year. In 1947 they bought 168-million and in 1948 the total may exceed 200-million. One big concern, Simplicity Pattern Co., reported sales doubled over 1939 to \$9,319,000 in 1947, with a further rise of 50% indicated for 1948. (The company's net income rose from \$51,000 in 1939 to \$862,000 in 1947.)

• **Sewing Centers**—Sewing instruction netted \$2-million in 1941, \$8-million last year, and may top \$10-million this year. White, a pioneer in this field, now has 185 schools and aims at 300 by 1950. Singer is instructing women in 1,000 Singer Sewing Centers, expects to raise the number to 2,000 as rapidly as possible. In 1939 Singer taught 150,000 women how to make their own clothing or curtains. In 1947 there were 325,000 learners. This year the total will be higher.

Singer offers free courses to buyers of Singer machines, and budget lessons to all comers for \$10 (teen-agers are lured by an \$8 bargain rate). Some men take the courses (including a group of monks in California, saving on the cost of their habits). Nine out of ten women are taking the dressmaking rather than the home decoration course. The company operates 13 training schools for instructors.

Typically, Singer has nothing to say about its real estate operations. But reports from across the country indicate that with the drive to double the number of sales and instruction outlets, Singer builds and owns more and more of them. For instance, Singer has built new centers in Wilmington, Del., and Barre, Vt. Its new Houston center is a three-story, \$200,000 structure. The downtown Fort Worth center has trebled its space; the one in Binghamton, N. Y., has moved to bigger quarters.

Everything in Piping Equipment... for Marine Transports, for example



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Transport, tanker, tug, or trawler... only a trip below deck reveals how merchant vessels have become mechanized. It's evident by the pipe lines that weave from stem to stern at every deck level. Pipe lines for power, fuel, refrigeration... for cargo-handling, water, air, etc. Pipe lines requiring valves and fittings of every type and size, and totaling thousands on a large transport, for example.

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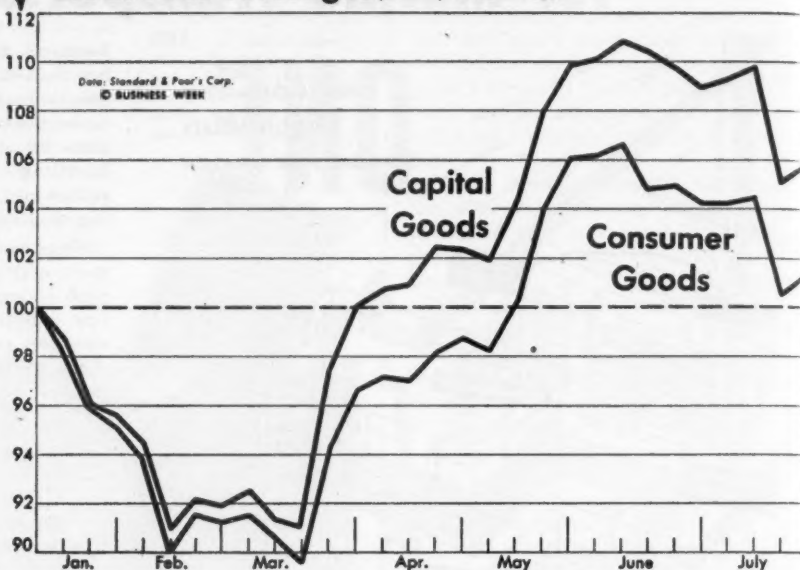
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THE MARKETS

Stock Price Averages (Jan. 1, 1948=100)



Capital Goods Do Best

Although whole market is pretty sour, stock traders shy away furthest from consumer goods shares. These could be vulnerable in case of arms boom, continued inflation, or recession.

Wall Street seems to be getting more and more dubious about the business boom.

• **Fading Hopes**—Traders still hope for a first-class bull market in stocks. But the bulls are a long-faced lot these days. It has been three months since the market broke out of its old trading range and gave the official bull signal (BW—May 22 '48, p98). But this week the averages were lower than before the breakthrough. And the market seemed more inclined to go down than up.

Some technicians even argue that the averages have signaled a new long-term bear trend. The bulls deny it indig-

nantly. But they admit that if this is a boom they don't want to live through a bust.

• **Strength in Capital Goods**—What strength there is in the market—and it isn't much—comes in the stocks of the capital goods producers (chart). The heavy goods lines have shown more bounce on the rallies and less weakness on the declines than the consumer goods industries.

Traders have at least three reasons for preferring the capital goods industries these days. All three result from the various fears that are preying on Wall Street's susceptible mind:

If there should be war—or an all-out armament program—consumer goods industries will be hit hard. Shortages of materials will clip their output. Price control will slim down their profit margins. But the capital goods producers will get a flood of new orders.

If inflation continues, perhaps consumer goods producers will suffer from buyer resistance. The capital goods industries have corporations for customers. They can count on a good market as long as corporate incomes are high.

If the boom begins to fade, consumer goods probably will be the first to feel

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	154.7	156.3	164.9	150.7
Railroad	48.0	48.6	52.5	42.8
Utility	70.5	71.1	74.2	75.7
Bonds				
Industrial	98.4	98.9	99.5	103.4
Railroad	87.1	87.7	89.2	90.3
Utility	94.9	94.8	96.1	103.6

Data: Standard & Poor's Corp.

it. Recessions usually start in the soft lines.

Thus, stock traders haven't overlooked the slowdown in some of the consumer industries—textiles and shoes, for instance. They are waiting to see whether this means the start of a general downturn in soft goods.

• **Credit Squeeze**—The tightening up of interest rates that got under way this week (page 10) won't be good for stock prices. The direct effect won't amount to much—there isn't enough borrowed

money in the market now to make a difference. But any squeeze on credit usually makes for lower security prices. Higher money rates will put pressure on bond prices. And if bonds get wobbly they are likely to drag stocks down, too.

Probably the best thing that could happen to the market in the near future would be some good news on the foreign situation. Many traders think that if the market could get over its war jitters it would feel better about the domestic picture, too.

The 1948 Bull Market: A Recent Sampling

Have we seen the top of the 1948 bull market? Will it go down in the records as one of the most disappointing and abortive of Wall Street's major price upswings?

The financial district's bulls and bears are heatedly debating such questions these days.

But on one point of today's market picture, optimists and pessimists agree: Thus far, the current

bull market, which technically began in May, 1947, has proved extremely choosy.

The figures in the market sampling below make this point clear. Of the 40 representative issues listed, over 60% haven't done so well as the averages. Over 40%, moreover, have recovered only 25% or less of their losses in the last bear market.

	1942-46 Bull Market High	Subsequent Low	1948 High	Aug. 10, 1948	% of Post-1946 Loss Recovered
Industrial Common Stocks					
Dow-Jones Average.....	212.50	163.12	193.16	180.2	34.2%
Allied Stores.....	\$63.37	*\$25.00	\$37.13	\$32.75	20.2
American Can.....	112.12	75.25	92.75	85.00	26.3
American Smelting & Ref.....	73.75	*46.75	68.00	57.00	41.7
American Tobacco.....	100.25	*54.25	69.75	61.00	14.7
Anaconda Copper.....	51.87	*30.50	41.25	36.25	26.9
Bethlehem Steel (1).....	38.25	25.50	38.00	35.12	78.2
Borden Co.....	57.75	*38.00	44.62	42.25	21.5
Chrysler Corp. (1).....	70.50	37.62	65.75	60.12	68.4
Du Pont.....	227.00	161.00	189.00	172.50	17.4
General Electric.....	52.00	*31.75	43.00	37.75	29.6
General Foods.....	56.12	*34.00	41.00	39.25	20.1
General Motors.....	80.37	47.75	65.00	62.62	45.6
Gimbel Brothers (1).....	55.12	16.50	25.00	19.50	7.8
B. F. Goodrich.....	88.50	*47.25	64.00	55.75	20.6
Gulf Oil.....	78.00	57.50	81.00	71.50	68.3
Int'l. Harvester (1).....	34.00	23.37	34.25	28.50	48.3
Johns-Manville (1).....	55.87	*34.25	42.25	34.50	1.2
Montgomery Ward.....	104.25	*47.25	65.00	53.50	11.0
Paramount Pictures (1).....	39.62	*18.25	26.37	21.75	16.4
Sears Roebuck (1).....	49.62	30.12	42.25	37.00	35.2
E. R. Squibb.....	55.00	*22.00	29.25	23.50	4.5
Standard Oil (N. J.).....	78.75	61.62	92.87	78.25	97.1
Swift & Co.....	41.12	*30.62	36.87	33.25	25.0
Union Carbide (1).....	41.62	29.75	43.00	39.50	82.1
United Air Lines.....	54.25	12.00	19.25	12.00
United Fruit (1).....	53.62	41.50	58.50	51.25	80.4
U. S. Rubber.....	80.00	*38.50	49.62	45.50	16.9
U. S. Steel.....	97.37	61.62	83.50	76.75	42.3
Westinghouse Electric (1).....	39.75	21.12	33.25	28.00	36.9
Railroad Common Stocks					
Dow-Jones Average.....	68.31	41.16	64.95	59.68	68.2
Atch. Topeka & Santa Fe.....	\$121.00	\$66.00	\$117.87	\$110.50	80.9
Atlantic Coast Line.....	83.00	40.50	62.00	56.00	36.5
Chesapeake & Ohio.....	66.87	*37.00	45.25	37.50	1.7
Great Northern (Pfd.).....	64.00	34.50	50.87	42.62	27.5
Illinois Central.....	45.50	18.12	42.37	37.50	70.8
Louisville & Nashville (1).....	72.25	*38.50	50.00	45.12	19.6
New York Central.....	33.75	12.00	18.50	16.50	20.7
Pennsylvania.....	47.50	15.00	22.12	18.75	11.5
Southern Pacific.....	70.00	34.50	62.37	55.50	59.2
Southern Ry.....	65.00	28.00	50.25	45.12	46.3
Union Pacific (1).....	84.25	60.00	96.25	89.00	119.6

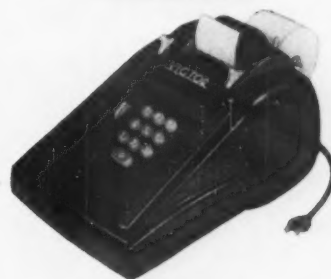
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LABOR



TROOPS AT UNIVIS PLANT in Dayton, O., got strike headlines, but nationally . . .

Labor Peace Gains Ground

Although contracts hastily signed before T-H law went into effect run out this month, the signs in general are for quiet at least into 1949. Major threat now comes from maritime unions.

Last week the strike at the Univis Lens Co. in Dayton was the nation's roughest labor spot. Violence flared on the picket line. Troops went into action. And with that came an important question:

Is Dayton an exception, or are we in for a round of militant strikes?

• **Month of Strikes?**—There are sound grounds for asking the question. Earlier this year, it seemed that August might be a month of strikes, for a good chunk of the contracts which had been hastily drawn and signed before the Taft-Hartley law became effective expire this month.

Many of these pacts involve unions which sought a year's reprieve from the T-H law last August—and which still aren't qualified to do business under the labor law. Thus, they can't legally get the union security which is the key issue in many contract disputes now.

• **Impasse**—Unions want closed-shop, hiring-hall, or union-shop clauses which were in 1947-48 contracts continued. But under the T-H law, employers can't agree to the first two without straining—or breaking—the federal labor law.

And they can't agree to a union-shop unless a majority of their employees first approves it in a formal T-H election.

This impasse undoubtedly will lead to an outbreak of small walkouts in the next few weeks.

• **Bright Outlook**—Nevertheless, the current outlook is for general industrial peace right into 1949. With one exception, no strike of wide importance is now in the offing. The exception is in the maritime industry.

Third-round wages are now settled for just about all employers in the basic industries. These agreements extend at least into mid-1949—in many cases into 1950. And in most of them, wages can't be reopened until next spring.

• **Fewer Lost Days**—Signing of the basic-industry contracts brought a sharp drop in man-days lost through strikes and lockouts. Loss of working time in May of this year totaled 4.1-million man-days. June figures, just issued by the Bureau of Labor Statistics, show a loss of only 2-million. BLS estimated that 165,000 workers took part in 310 stoppages in June.

The figures for June of last year were a lot higher: 3,960,000 man-days of idleness, with a total of 448,000 workers involved.

Strikes during the first six months of 1948 (with the T-H law in effect) added up to 1,460, says BLS. That's

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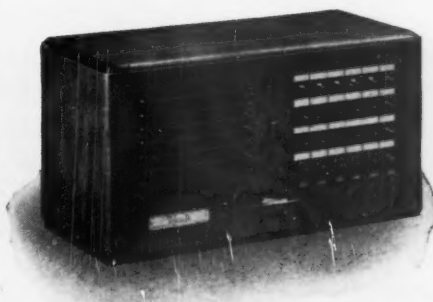
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37% below the first six months of 1947 (when the T-H law wasn't in effect).

• **What's Responsible?**—The comparative peace on the labor front has started some lively arguments. T-H backers say that the law is responsible. There is no doubt that the law has prevented some strikes over union jurisdiction, and has stopped secondary boycotts.

But union leaders are quick to charge that the T-H law has caused some strikes, too. This has happened, they say, because of the law's union-security restrictions, and because employers have refused to bargain with unions that can't qualify under T-H.

• **Compromise**—Two things have been pretty obvious so far this year. One is that unions and employers generally are reluctant about forcing a showdown on any issue in a dispute. With the economy breezing along in high gear, neither side wants to cause a wreck. Thus, management has often granted wage increases fairly readily—rather than risk a production stoppage. And the unions, for their part, have been inclined to grab the money without arguing too long over other issues. (Furthermore, this is an election year—a good time for the unions to stay as quiet as possible.)

Hence, many positions vital to labor and management have been compromised temporarily, rather than settled.

For example: The leftist Mine, Mill & Smelter Workers (C.I.O.) this week called off a threatened strike against the Kennecott Copper Corp. M.M.S.W. wanted a new contract continuing union-security and other benefits included in a prior agreement. Kennecott refused to negotiate unless M.M.S.W. complied with the T-H rule on non-Communist affidavits. But to avoid a work stoppage, both sides compromised. M.M.S.W. agreed to drop demands for a new contract, and the company agreed to continue the terms of the old contract indefinitely with a 12¢ raise.

• **Strike Failure**—The other obvious thing is that unions haven't fared well in strikes this year. Leaders have run into a series of major setbacks as employers used T-H weapons to keep plants operating.

For example: C.I.O.'s United Electrical, Radio & Machine Workers struck at the Univis Lens Co. plant last May 5, during a wage dispute. Two weeks ago, workers—tired of the long strike—voted 302-to-272 against U. E. in a decertification election.

The company reopened its plant despite skirmishes on massed picket lines. Workers filed through guarded gates to go back to their jobs, and to join the newly organized Univis Employees' Independent Union. As the back-to-work movement grew, U. E. this week called off its strike. Now it has no contract and faces a stiff fight to regain plant bargaining rights.



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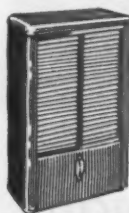


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THE LABOR ANGLE

BACK LAST NOVEMBER, Business Week published two articles which it feels tempted to dust off and run again.

The first was a detailed account of how left-wing unions, unable to file non-Communist affidavits under the Taft-Hartley act, were going to operate outside the reach of the law (BW—Nov. 1'47, p82).

The second article (BW—Nov. 22'47, p108) set down in specific terms the tactics the left wing would use. It told how the left would deal with its crucial problem of holding representation rights—even though it was not qualified to seek representation under the law.

What gives these reports a fresh importance is a notion being spread by some business organizations and their spokesmen: that the Taft-Hartley act offers the American wage earner a new chance to express himself on unionism; that National Labor Relations Board figures show that he has developed quite a coolness toward unions.

THIS IS HEADY STUFF which some employers are anxious to believe. What are the facts?

The index cited to support the "cooling" theory is NLRB's count of representation election results. The record shows that over the Wagner act period (1936-1947) the board conducted 36,969 elections. Of these, 81.4% were won by unions, 18.6% lost by them. For the period in which figures are available since the T-H law took effect (Aug. 22, 1947 to June 1, 1948), NLRB held 2,138 elections. Of these, 73.6% were won by unions, 26.4% lost by them.

Supplementing this data is the breakdown of individual votes. Of 7,677,135 valid votes cast in the Wagner act period, 6,145,834 were for unions, while 1,531,301 were against them. Under the T-H law, 211,251 valid votes have been cast: 158,070 for unions, 53,181 against. The "no union" vote has risen from 19.9% to 25.2%.

THE STATISTICIAN might duck an argument by maintaining that the data are not properly comparable; that T-H figures are still too small to show much. Yet a conclusion has been drawn, and it appears to be a wrong one.

On a year-by-year basis the Wagner act period itself breaks into two parts. The end of the war seems to divide the parts.

Thus, in 1945, unions won 82.9% of the elections; in 1946, this figure dropped to 79.5%; for the 1947 period before the T-H law became effective, it had slipped to 75.1%. The 73.6% shown under the T-H law seems only to be a continuation of a trend.

Similarly, the individual vote: In 1945, 20.9% voted against unions; in 1946, this rose to 24.2%—not much different from the 25.2% under the present law.

This trend is readily understandable. Unions swept through the easy-to-organize industries early. They are recruiting now in areas where resistance is tougher. It does not mean that the sentiment of workers has changed. Different workers are now being polled.

WHAT IS NOTEWORTHY is that the "no union" vote isn't bigger. And this is where Business Week calls attention to its reports of last November. It said that in NLRB elections under the T-H law, the noncomplying union "would instruct its followers to vote 'no union.' If 'no union' won, it would claim majority support. Because it had campaigned for 'no union,' it would say that it was chosen representative of all those who had voted that way."

And this is exactly what has happened. In election after election involving plants where left-wing unions couldn't get on the ballot—even though they were the established contracting organization—they campaigned for a "no union" vote. The success of their efforts accounts for whatever rise there may be in the "anti-union" sentiment which NLRB figures are being taken to reflect. It is surprising that the figures don't show more of it, for these figures now add to genuine nonunionists the workers persuaded by left-wing leaders to cast negative ballots.

In short, if the T-H law is making antiunionists, NLRB's experience doesn't show it. Maybe Sen. Taft was right. He said that his law would help unionism by making unions more respectable. No one seemed to believe him at the time.

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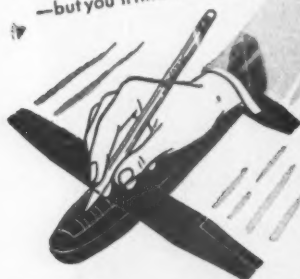
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NLRB orders repayments of 'exacted' wages in first test of T-H ban on unneeded jobs. A.F.L. union agrees to order.

A union that insists on "featherbedding" may have to pay back any wages paid by an employer for work not actually done.

• **NLRB Order**—That's the implication of the first National Labor Relations Board order issued under Section 8 (b) (6) of the Taft-Hartley law. This ban on "featherbedding" forbids a union "to cause or attempt to cause an employer to pay or deliver or agree to pay or deliver any money or other thing of value in the nature of an exaction, for services which are not performed or not to be performed."

The NLRB order resulted from a case brought by R. H. Parr & Sons, Los Angeles contracting company, against a local of the Plasterers & Cement Finishers International Assn. (A.F.L.)

• **Familiar Ring**—The circumstances weren't unusual: Some cement work hadn't been smoothed off and touched up at the end of a scheduled day's work. The company asked two men of a crew of six cement workers to stay overtime to finish the job. The crew insisted that if there was going to be any overtime, all six would have to be kept on the job. Since only two men were needed, the other four watched from the sidelines—at premium pay.

Contractors have frequently shrugged off such practices in the past. But the congressional intent—shown in pre-T-H hearings—was clearly to outlaw such practices. After rereading the T-H law, Parr filed charges in the NLRB regional office at San Francisco.

• **Uncontested Complaint**—Regional Director Howard F. LeBaron issued a formal complaint against the local union. It wasn't contested. Union, company, and NLRB legal representatives conferred, then agreed: (1) The union would repay the company for the "featherbedded" wages of the four extra men, and (2) the union would post notices on all jobs, ordering members to respect the T-H ban against exactions for work not done.

The formal NLRB order handed down this week merely ratified the agreement already reached at a labor-management bargaining table. This makes it legal and binding, and enforceable in the U. S. Circuit Court of Appeals.

• **No Strong Precedent**—NLRB's order can't be interpreted as hard-and-fast precedent for requiring a union to repay costs of "featherbedding" policies.

NLRB didn't indicate in its order whether it would have gone as far as ordering repayment if the parties hadn't agreed to this in advance.

But the NLRB order has given a practical significance to the "featherbedding" clause in the T-H act. Just how much it actually means will be fought out in future, broader tests.



TRUMAN NOMINEE, Maurice J. Tobin, is a surprise choice for Secretary of Labor

Ex-Gov. Maurice Tobin Named for Labor Post

Maurice J. Tobin, 47, former governor of Massachusetts and former mayor of Boston, had a tough decision to make this week. President Truman named him as his choice for Secretary of Labor last week end. Tobin—a Democratic candidate for another term as Massachusetts governor—called the nomination a "surprise" and "an honor." But it was midweek before Tobin definitely accepted the job.

• **Hesitation**—The reason given for his hesitation was this: If he took the cabinet appointment—which could last only until January—he would have to pull out of the state gubernatorial race.

But something more than that was behind his reluctance to jump at the \$15,000-a-year secretaryship. In recent years many of the Labor Dept. activities have been taken away from it. The Secretary of Labor job has lost stature.

• **Lukewarm**—Labor circles reacted cautiously to Tobin's nomination. He is on record against the Taft-Hartley law, and came out against state labor curbs at a Massachusetts A.F.L. convention. But this hasn't won more than lukewarm approval of Tobin as Secretary of Labor. Unions had their men in mind; they feel that Tobin was chosen more for political reasons, not for other qualifications.

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EX-OFFICIAL Richard Leonard heads up new left-wing caucus . . .

Opposing Reuther

U.A.W.'s former vice-president launches new faction. For management, it could result in stiffer union bargaining.

Labor factionalism returned this week to one of its favorite stamping grounds—the United Auto Workers (C.I.O.).

• **Leonard Comes Back**—Richard T. Leonard, deposed as a U.A.W. vice-president last year (BW—Nov. 15 '47, p92), is back in auto union politics. His job: head man of a new caucus. Its aim: to challenge union moves made by president Walter Reuther, and to pick up some elective offices at the 1949 convention. Its existence is unhappy news for management.

After he left his U.A.W. office, Leonard got back his old job as welder at the DeSoto division of the Chrysler Corp. He was elected president of the DeSoto local union last spring. The new caucus has been in the throes of creation ever since.

• **Impressive Backing**—Bolstering Leonard in the new caucus is an impressive group of former and present U.A.W. officials. They include the president of Murray Local 2; former presidents of Chrysler Local 7 and the amalgamated Detroit East Side tool and die Local 155; former directors of the Detroit West Side region and the Saginaw region, and many others.

Names of Communist party-liners thread through the present steering committee roster. However, the new caucus head has pledged that Communists won't hold jobs in its organization. Leonard's emphasis of this position was

no surprise; the Communists, who once backed him and others in the U.A.W. left wing, dropped him when he got licked last November.

The anti-Communist caucus stand taken by Leonard cooled leftist enthusiasm for the new venture. The statement that left-wingers won't be given a voice was branded as "Reuther-like red-baiting." A few caucus founders bowed out. And extreme leftists in U.A.W. made clear that they are staying in union politics by describing the Leonard faction as a "third force" in U.A.W.

• **Questions**—The big questions in U.A.W. political circles, which Leonard's new activity has raised, are: What strength will the new caucus muster? Will it be a threat to Reuther's power?

One analysis came from Reuther himself. He said that the new bloc is made up of the same people who opposed him in the past. And he feels that the U.A.W. membership will rebuff them now as it did last November.

• **Plenty of Fodder**—Others expect the Leonard group to make some inroads in Reuther's recently undisputed domain. In a union as bulky as U.A.W. there are always grievances to feed factionalism. For example, General Motors unionists in Flint, Mich., complain that Reuther condones what they describe as a G.M. assembly-line speed-up. This charge is being given wide circulation by union left-wingers, is bound to help push the new caucus off to a brisk start. And it's just one of many such gripes suddenly being aired.

But, currently, few expect the Leonard caucus to build up into a serious challenge to Reuther's leadership. One big reason: Pro-Reuther forces have gained ground in local union elections held so far this year.

• **Trouble for Management?**—So far as management is concerned, there is a much more intense question: What effect will the new caucus have on bargaining relationships, which have recently shown signs of better stability?

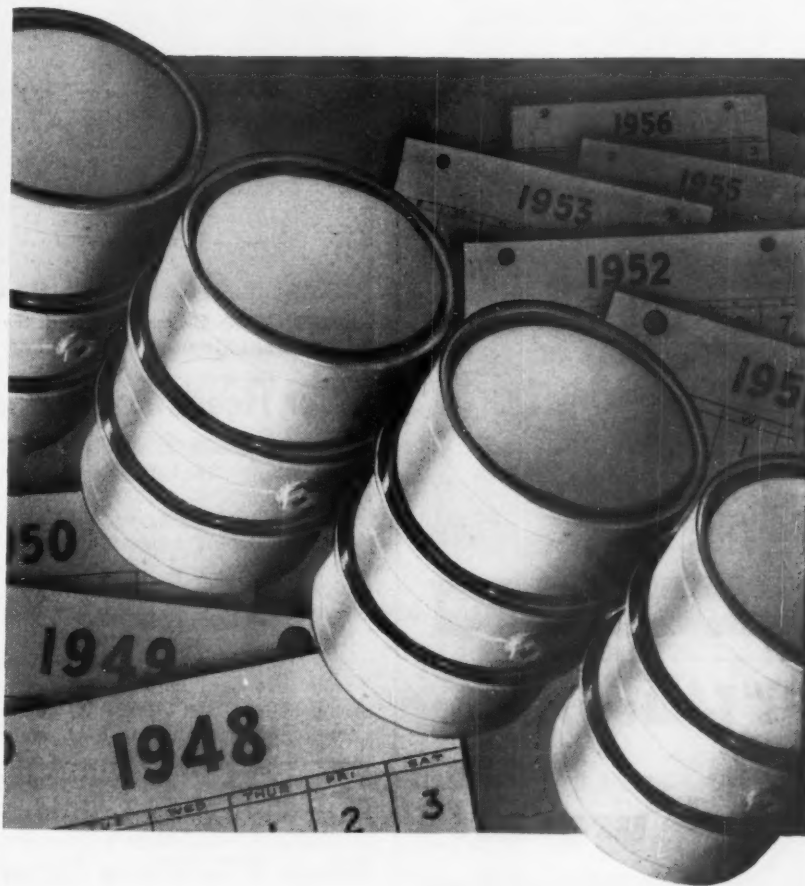
Informed company people have no illusions on that score. They noted that Leonard's caucus program was loaded with charges that Reuther believes in industrial peace "at any price"—that Reuther has become a pacifist.

The Leonard group aggressively wants pensions, more insurance, other social benefits. It claims that Reuther let the union down when he failed to insist on these objectives last spring.

• **Stiffened Bargaining**—As industrial relations men read these pronouncements, they know one thing is almost sure to happen: Union attitudes will stiffen when contracts reopen, no matter which bloc sits on the U.A.W. side of the table. Intra-union opposition always has affected wage demands—on the up side. The existence of the new U.A.W. party is likely to do it again.

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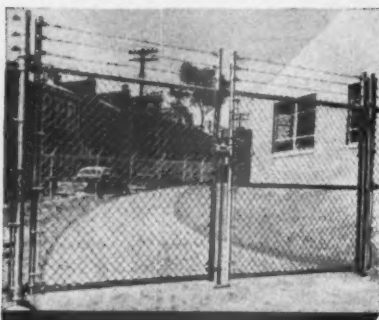


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ERP ADVISERS George Harrison of the Railway Clerks (center) and David Dubinsky of A.F.L.'s Ladies Garment Workers (right) discuss union problems with Gen. Lucius Clay

Labor Heads Pool Strength for ERP

A.F.L. and C.I.O. collaboration to give advice in the European Recovery Program bore fruit in London recently. American union delegates worked together at an ERP labor conference to beat down scattered resistance to the program, help set up a new international labor agency—the International Trade Union Conference. Its office is in Paris, where the World Federation of Trade Unions has headquarters. The object of the new I.T.U.C. office: to counter Communist opposition to ERP, and to

mobilize European labor into an anti-Communist front.

Leon Jouhaux, head of a French anti-Communist labor group, Force Ouvrière, is running the new office. He also helped establish W.F.T.U. (A.F.L. says W.F.T.U. is Communist-dominated; C.I.O., on the other hand, is a member of it.) Jouhaux has been working closely with C.I.O.'s James B. Carey (BW—May 15 '48, p112) and with British Trade Union Congress delegates to fight Communists in W.F.T.U.

Fifth Round in Textiles Brings 8% Wage Boosts

Southern cotton textile wages moved up again this week (the industry was settling its fifth round of postwar pay demands). The big Dan River Mills chain in Virginia set the new pattern with an 8% increase for its 12,000 employees. The 8% figure (which averages 8¢ to 9¢ an hour) became the pattern for textile mills when Cone Mills Corp. and Erwin Mills in North Carolina also adopted it.

• **120,000 Get Raise**—The Dan Rivers settlement was with C.I.O.'s Textile Workers Union of America, which has about 120,000 southern cotton mill workers. As a result, average hourly pay is at a new high of \$1.16.

The Cone raise went to 8,000 employees in six T.W.U.A. and four non-union mills. The Erwin pay hike went to 5,500 employees in six union mills. All in all, the minimum hourly wage for unskilled workers generally has jumped from 87¢ to 94¢ in southern mills. That compares with a 97¢ hourly wage in New England—where an 11¢

increase was negotiated earlier this year.

• **Rayon, Too**—Another major textile wage settlement last week brought postwar rayon mill wage boosts to about 47¢ an hour. The American Viscose Corp. signed contracts with T.W.U.A. giving 15¢ hourly raises to 18,000 employees in Pennsylvania, West Virginia, and Virginia. The increase is retroactive to June 27; it brings the average Viscose hourly wage to \$1.45.

The contract, which runs to Nov. 30, 1949, provides for a wage reopening next June. The union agrees to drop a proposed portal-to-portal pay suit; it also agrees to work out with the company an answer to current overtime pay problems (BW—Jul. 24 '48, p94).

The Pictures—Acme—23, 92, 94, 96; Brown Bros.—79; Encyclopedia Britannica—77; European—106; Ewing Galloway—19; General Electric Co.—56; Harold Carter—Electrical World—61 (bot.), 62, 63, 64; Ida Wyman—24 (bot.), 25 (top, center), 26 (top); James Cutter—Electrical World—61 (top left); Wide World—70, 84.

INTERNATIONAL OUTLOOK

BUSINESS WEEK

AUGUST 14, 1948



The U. S. has returned to secret diplomacy in the Moscow talks.

We're not admitting it, but we are discussing with Molotov the whole range of differences on Germany. Originally, the talks were merely to arrange for another foreign ministers conference.

Thus, we have actually started four-power negotiations. We said we wouldn't do this until the Soviets ended the Berlin blockade.

But we couldn't wait forever. And by talking secretly we can find out how the East and West can come to an agreement—if at all. At the same time we don't lose much face over Berlin.

If a full-dress foreign ministers conference results, it's the signal that there's a fair chance of solving basic differences in Germany. It means the current secret talks got somewhere.

The West will have to make concessions, of course. Washington apparently is ready to withdraw the Deutsche Mark from Berlin. (This would turn over economic control of the city to the Russians.) In return we would expect Moscow to confirm our right to stay in the old German capital.

As our contribution to German unity, we might:

(1) Hold up plans for a West German state temporarily—that is, until we can tell whether Russia really means business on unifying the four zones.

(2) Give Russia token reparations in return for freeing trade between eastern and western Germany.

(3) Give Moscow a voice—but no veto—in the Ruhr. (Our present plan for Ruhr resources control calls for a division of votes this way: U. S., three; Britain, three; France, three; Benelux, two; western Germany, two. If Russia had three votes it could cause trouble; but it could never block decisions made by the West.)

These concessions might look like a backdown by the U. S., Britain, and France.

But Russia would be making concessions, too. They would add up to this: Since D-Day the Kremlin has counted on controlling all of Germany. An agreement on German unity would mean that Moscow is reconciled to a policy of neutralizing the country.

Our job of making Ruhr industry serve Europe would be more difficult. But there might be a net gain for Europe in the easing of war tension.

Andrei Vishinsky, Soviet Deputy Foreign Minister, keeps having things his own way at the Danube conference (BW-Aug. 7'48, p103).

But his visit to Belgrade hasn't done anything to close the breach between Tito and Stalin.

The Yugoslav leader left his capital the day Vishinsky arrived and hasn't returned. There are other things on his mind beside the Danube conference. He's purging the Yugoslav Communist party of its pro-Russian members. The heat is on especially in Montenegro, which borders Albania.

Meanwhile, the Cominform calls Tito names once reserved for Hitler.

The Marshall Plan nations are up in arms again over the requirement that U. S. vessels carry 50% of ECA goods.

What brought the matter to a head is a ruling on "market rate" in the ECA act. The Economic Cooperation Administration says the rate must be the one set by the U. S. Maritime Commission for government-owned ships operated by private American shippers.

But foreign tramps are available for \$2 a ton less. So European importers

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
AUGUST 14, 1948

argue that they not only have to use up ECA dollars for half of their shipping, but also pay higher rates on this half as well.

France is objecting because of the extra cost on its huge coal imports. The Dutch and Norwegians complain their tramps are losing valuable cargoes to "subsidized" American ships.

The British cabinet is in for a fight over 1949 capital expenditures.

Government planners are at work now on the 1949 program. They want to put more emphasis on factory construction and industry's capital equipment.

To get the resources for industry, the planners would cut: (1) the housing program; (2) electric generating plant still in the blueprint stage.

But Aneurin Bevan, left-wing Health Minister who controls housing, is bucking the idea. So is the nationalized electric power industry.

Britain's price control and wage freeze policies are under heavy pressure.

Pending claims for wage hikes cover 5-million workers—one-fourth of all British labor.

The first claim to be settled may be that of the engineering and ship-building workers. A court of inquiry meets on this case next week.

Dependent on the outcome will be the British Trades Union Congress' attitude for or against the government. (The T.U.C. holds its annual meetings early next month.)

The U. S. Army has bought more meat in Argentina—\$1.1-million of boneless beef, lamb, and turkey for American forces in Germany.

The prices paid were: lamb, 19½¢ a lb.; boneless top-grade beef, 26¼¢; turkeys, 46¢. These prices are said to be about half what the Army is paying for most of the meat that goes to overseas forces.

On this reckoning the Army might save many millions a year if it filled all its overseas needs for meat from Argentina. But you can be sure U. S. packers and cattlemen won't take kindly to such an idea.

Italian-Russian trade talks will get under way in Moscow soon.

Rome plans to offer citrus fruits, textiles, quicksilver, electrical machinery, and machine tools. In return it expects to get industrial raw materials, maybe some fuel oil.

But the Russians want more than a mere swap of goods. They will ask Italian industry to build turbines, large marine diesels, etc., to Soviet specifications.

If Moscow presses this idea, the trade deal may not come off. The Italian government fears that Soviet agents might come into the country disguised as technical advisers.

Russians have been having a look at Czechoslovakia's consumer goods.

Czech products being shown in a special Moscow exhibit include: shoes, worsted fabrics, bicycles, motorcycles, radios, cameras, vacuum cleaners, electric stoves, refrigerators.

Raymond Loewy Associates, New York designers, have landed a juicy contract in Britain.

Loewy will handle all packaging and retail planning for Unilever. The idea is to add the American look to a host of Lever products abroad.

BUSINESS ABROAD

Britain: The Outlook for its Recovery

Industry, labor, and government must have a change of heart if Britain is to get out of present predicament and regain its economic strength. Five vigorous steps seem necessary.

James H. McGraw, Jr., president of McGraw-Hill Publishing Co., has just returned from a tour of observation in Europe. Here are his impressions of Britain's economic position today:

What are Britain's chances of getting back on its feet?

During two visits in Britain this summer, I have talked with many top government and business leaders about the country's economic prospects. Most of these men agree that the pace of recovery must be stepped up if Britain is to pay its own way by 1952, when the European Recovery Program comes to an end. But I found no agreement on how the increased tempo is to be achieved.

To my own way of thinking, some of the most urgent needs are clear:

(1) Reduce food subsidies and cut some of the new social services.

(2) Overhaul the present tax system, which is stifling initiative.

(3) Free industry from unnecessary controls so that the best business brains can work out their own problems.

(4) Get rid of restrictions in British industry through joint efforts of leaders in management, labor, and government.

(5) Remove the threat of nationalization that is still hanging over the industries that are still privately owned and operated.

I. Production and Exports

According to the eye-catching graphs put out by the Board of Trade, Britain is well on the road to recovery. Industrial output by mid-1948 had risen 40% above the January, 1946 level; it is 11% above the 1938 average. The volume of exports, still rising month by month, is now 38% over 1938.

But Britain is still living far above its income. Imports for the first half of this year were reduced to the barest essentials. Even so, they still cost \$600-million more than the amount Britain earned from its expanded exports.

Exporters have begun to wonder whether Britain will ever be able to balance its payments. They are widely concerned, because the world seller's market for many of Britain's important consumer goods is progressively fading out. They feel that they have two strikes against them in trying to meet foreign

price competition. Their costs of raw materials and labor go up faster than the prices they can get for their manufactured products.

They put part of the blame for the current high costs of materials on bulk buying by government agents, who have often lacked the experience, sense of timing, and the bargaining skill that individual businessmen put into the purchasing of their own supplies. And they blame rising labor costs largely on the official policy of full employment, which has encouraged trade union leaders to insist on higher wages without guaranteeing higher output.

British businessmen also blame government controls for many of their troubles. Britain today is controlled almost to death. The waters that surround the British Isles have enabled the government to regulate imports and exports with a tight hand. It parcels out imported raw materials to the firms which, in its own judgment, can contribute most toward improving the grave balance of payments gap. And since most of Britain's key industrial raw materials must be imported, this means that the government has power of life and death over practically the whole of British industry today.

Most British businessmen agree that, with demand for certain key raw materials such as steel and oil running far ahead of supply, no net gain would now be achieved by doing away with government allocations altogether. A disorderly scramble would merely replace a badly organized squabble. But industrial leaders believe that controls could be relaxed considerably without any danger of disorder.

II. Cost of Social Services

One great problem of postwar Britain is the crushing cost of the social services and food subsidies which the Labor government has imposed on the nation. Government food subsidies alone are costing \$1.8-billion a year. And the new national insurance program will cost the nation another \$2-billion this first year—for free health services, old-age pensions, industrial compensation, and extensive social security benefits.

The government's share of the bill

for national insurance will drain \$472-million from British taxpayers this year. The cost of the scheme will rise annually, and in 30 years the Treasury will pay out \$1.6-billion annually. But the taxpayer's liability doesn't end there. He must also pay, as an employer, contributions for workers in the nationalized industries and the greatly enlarged civil service. For example, as the employer of 725,000 miners and 600,000 railwaymen, the taxpayer will pay almost \$34-million a year. The 335,000 workers in the national government will cost him over \$8-million yearly, and local government officials another \$10-million.

The effects of this policy are to retard recovery in two ways:

(1) Directly, because the time and effort put into planning, launching, and administering the widespread services are depriving productive industry of much-needed talent and manpower.

(2) Indirectly, because the people's natural incentives to work are drugged. The notion that the State will take care of you, whether or not you work, is an opiate that simply will not lead to greater effort and greater production. With social services on the one hand, and high taxes to pay for them on the other, the worker can see no penalty if he doesn't work—and no adequate reward if he does.

III. Government Fumbling

Britain's Labor government, apart from Chancellor of the Exchequer Sir Stafford Cripps, has shown little sign of the vision and stern leadership needed to pull the country through. And the Conservatives, while stalling occasionally as the opposition party, have not yet come up with a constructive program for the future.

The failure of politicians to grasp the needs of British industry, in turn, reflects the sharp cleavage between government and private industry in Britain. Only recently, in a desperate effort to make government controls work, has the government brought British trade associations into the administrative procedures in an advisory capacity.

The government's fiscal policies have hampered industry by discouraging the productive use of private capital. The official policy of low interest rates has failed to draw out idle money and put it to work in building up new industries. Excessive taxation, plus the recent capital levy, is sapping money away from private investors. If continued, these



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policies would eventually leave only the government with sufficient capital to promote new development schemes.

One very important reason why a good share of Britain's industrial equipment is out of date today is the inadequate depreciation allowances granted for new factory installations under British laws. For years, under the Tories, not the Socialists, it was simply not profitable to install new plant.

The Labor government's first Income Tax Act, in 1945, was an important step in the right direction. Under it, firms can now allow 20% of the cost of new assets in the first year, and a small percentage in later years. But these allowances are still based on original cost, although replacement costs have more than doubled.

After the 1945 act, some British firms embarked on modernization schemes. If industry were free to do so, it would be spending today about 20% of the national income for re-equipment. But it is held back by the government's strict limitation on capital investment. True, the country's resources are limited and it has to choose between rebuilding and exporting to the maximum. Wiser use of the first U. S. loan might have alleviated this dilemma, but that's a dead issue now. **The issue now is that Britain utilize Marshall Plan aid to the fullest advantage; if that means less oatmeal and more machinery, the country should face it.**

IV. Crisis in Business Leadership

Britain still needs the spark of real business leadership to bring its industrial machine to life. New attitudes toward production are needed not only in government, but also among the top men in industry and the labor movement.

British businessmen must accept a share of the blame for Britain's technological lag during the past 30 years. By draining off exorbitant profits, they have lived well but have kept their own industries from deriving full benefit from modern technical advances. British capitalism also committed the fatal error of building cartel walls around itself, which meant easy profits but also atrophy. With competition gone, large segments of free enterprise got lazy, forgot to modernize, cut coupons, and went to sleep.

Here is a gruesome lesson for American businessmen. Free enterprise means enterprise as much as freedom. Without continuous enterprise and competition slothfulness sets in, industry fails to keep abreast of public demand and the next thing you have is socialism.

Socialism isn't the answer—but it's what you get. Socialism has so many faults it is hard to list them, but the main fault that overrides all others is

that it doesn't work. Even if I were willing to grant (which I'm not) that planning is good, it just doesn't work. One obvious reason is it's too big a job for any human being or group of human beings to plan the vast and intricate affairs of a great nation.

Since the war, some industrialists have tried to make up for lost time by plowing profits back into the business and re-equipping to the limit possible at this late date—when acute shortages of steel and other industrial materials are preventing full-scale modernization. But, even now, some lingering manufacturers argue against modernization on the ground that it is costly. Britain's relatively low labor cost, they say, permits assured profits despite the slow productivity of manual operations; they say large investment in new capital equipment might be so much money down the drain if improved mechanical devices a few years from now should make today's machinery obsolete. This type of thinking is still a drag on British production. It tends to perpetuate the overconcentration of manpower in backward industries, while Britain's few new industries are hard pressed for workers to man their machines.

Restrictionism, too, appears to be on its way out. Both of Britain's major political parties have recognized that Britain must control monopolistic restrictionism. Parliament's recent Anti-Monopoly Act is intended to do this job. But the present measure is riddled with legal loop-holes, and depends primarily upon publicity and the force of public opinion to expose and curtail practices that are against the national interest. So here again, bold and effective leadership is called for.

Too large a segment of British industry has been satisfied to emphasize its craftsmanship. This concept has merely served as a convenient excuse for its failure to gear up for mass production. **Now, more than ever before, British industry must accept the basic American economic idea of turning out the most goods at the lowest prices to benefit the largest number of people.** In reply to the common objection that the British market is not large enough to justify American methods of mass-production, British industrialists must become convinced that their potential market today is at least as big as the total population of all the nations participating in the European Recovery Program.

ERP, so regarded, offers British industry its first big chance to modernize on a scale never feasible before. In common with manufacturers in other ERP countries, British businessmen now should be encouraged to produce for the whole of western Europe those products which each of them is best fitted to make. Some, at least, have

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seen and seized the challenge that world markets rather than simply English markets offer. They are willing to stake everything on their ability to turn out mass-produced goods at low costs, by using modern equipment and scientific production methods.

In 1945, for example, Standard Motor Co. started to plan a wholly new car for export. It developed a Vanguard model specifically to meet the requirements of the maximum number of foreign countries, without any reference to British automobile tax laws that heretofore have kept down size and horsepower of models produced for the home market. And, to get volume production of the new Vanguard, Sir John Black of Standard undertook to make the Ferguson tractor for Harry Ferguson—using the same engine and the same rear axle for both the Vanguard car and the Ferguson tractor. Within a few weeks, when the Vanguard comes into full production, the combined car and tractor factory will be producing at a capacity of 1,000 cars and tractors a day.

The new Standard Motor Works at Coventry is a modern, clean, efficient plant—built from scratch at a cost of about \$30-million. One look at it will go a long way toward dispelling any ideas of Britain as a land of decadent shopkeepers and tea drinkers. But unfortunately the readiness to risk substantial investment on a wholly new idea still does not appear to be well established in Britain. Most businessmen still hope to modernize gradually and cover the costs as they go along—with increased earnings resulting from higher productivity. In many instances they hope to renovate plant later on, after future market demands are clearer. This attitude is based on an almost blind confidence that somehow their present tools will tide them over until Britain gets back on its feet. It reflects a dangerous willingness to sweat out Britain's prolonged economic crisis without working to overcome it.

V. Shift to Capital Goods

Britain's industrial survival hinges not so much on its effort to step up production of everything, as on its ability to shift over to making the right things. It must rapidly expand its output of capital goods, at the expense of consumer products. Here are three reasons:

(1) Britain grievously needs new plant and equipment to step up its own industrial productivity. As mentioned above, long before the war Britain's industrial plant was in need of modernization, and six wartime years of overwork with inadequate replacement ran it down to the ground.

(2) As the world's "backward" countries industrialize and produce even more of their own consumer goods,

Britain faces a shrinking world market for the types of stuff it has traditionally peddled abroad. But the market for British machinery, electric equipment, vehicles, and chemicals should hold strong for at least another generation. These products offer Britain its only hope of paying its own way after U. S. aid runs out.

(3) Finally, British capital goods can help the other ERP nations tool up to their jobs. The success of team play in a Western European Union offers one strong hope for solvency not only to England but also to the other western democracies. Britain's contribution, in the form of much needed capital goods for European industries, would go far toward helping western Europe again stand on its own feet, and thereby eventually help Britain. The next 18 months will tell whether Britain's controlled economy can meet this challenge.

The joint Anglo-American Production Council announced in Paris after talks between Sir Stafford Cripps and Economic Cooperation Administrator Paul Hoffman is a sound proposal to step up Britain's production efficiency. The critical reaction of British industrialists, and the government's weak defense of the plan, again reveal the lack of real leadership which should make backward elements of British industry swallow their pride and take the steps needed to achieve industrial recovery. There is no question but that Britain also has capable industrial consultants who could show the way to better productivity. But in the entire country there are only 35 firms and fewer than 400 competent individuals giving full time to this work. To spurn the American offer of technical assistance under these conditions would be little short of folly. But before Britain can reap its full benefits, a far more realistic attitude toward the country's present economic position must be accepted by British industry and government alike.

From what I've said, it looks as if Britain is in a hell of a fix. It is. Every European country I have visited on this trip seems, on the surface at least, to be recovering faster than Britain. But still I haven't lost hope in the old island.

Despite the slow pace of recovery in Britain, one feels assured that the direction is constant; its policy of cutting imports and expanding exports is sensible. And there is another reason why Britain appears more likely than any other country to help western Europe become self-supporting: its political stability and the democratic self-discipline of the British people.

Britain has been in fixes before and always muddled out of them somehow. The country is certainly muddling now. Maybe it will muddle out of this one, too.

ECA'S LEDGER

Reports from Washington

Some of the nation's exporters have a bone to pick with the Economic Cooperation Administration. They don't like the way it is now letting Marshall Plan buyers go direct to the prime producer; instead, they want ECA to work through merchant exporters. The exporters will plead their case soon before the Senate Small Business Committee.

Other developments last week:

Authorization. For the week ended Aug. 7, ECA authorized \$94,102,499 worth of purchases. This pushed the total to date over the \$1-billion mark.

Britain, with \$35-million for wheat, flour, bacon, and cheese, and China with \$33.7-million for cotton, were the big takers. Bizonia got \$1.9-million for U. S. coal-mining equipment; Greece, \$5.8-million for food. The rest was split between Netherlands, Austria, France, Trieste, Norway, and Denmark. The last two countries, in addition to other items, got about \$1-million each to cover the unpaid balance on four DC-6 aircraft (two for each). These will go into the transatlantic passenger service of the Scandinavian Airlines System, Inc.

Food and textiles made up three-quarters of the authorizations. The rise in food purchases came after a second look at Europe's crop expectations for this year. Too much rain has brought yield estimates down to 80% of prewar highs instead of the 90% originally expected.

Allotments. Belgium and Luxemburg are to get their first ECA aid this quarter. Tentatively the allotment includes a \$20-million loan and a \$1-million grant, the latter for purchases in Bizonia.

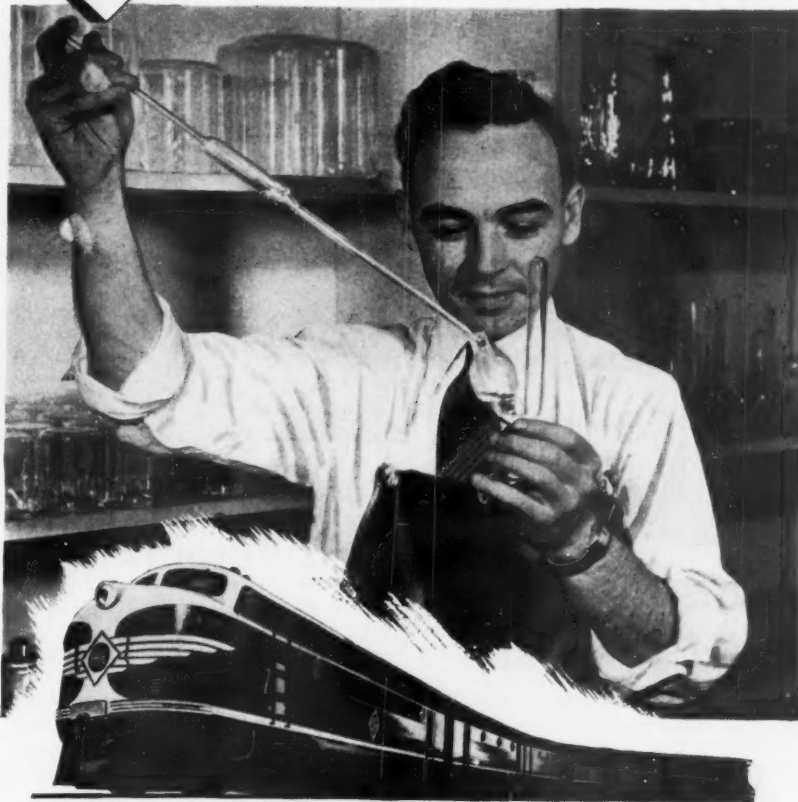
Reports from Abroad

From Italy last week came symptoms of a new headache for ECA. J. D. Zellerbach, ECA ambassador to Rome, announced that 50% of the 52-billion lire so far raised from the sale of ECA goods would be used to: (1) improve Italian railways through the Italian State Railways Administration; and (2) rebuild two passenger liners seized by the U. S. at the start of the war.

Italian businessmen and shippers are up in arms. The shippers claim that for the same amount of money they could build three new ships instead of putting two "obsolete" ones back in service. And the private transport concerns can't see why the U. S., champion of free enterprise, is throwing business to the State Railways Administration.



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and traveling chemists as additional checks to insure purity.

This is but one example of laboratory control carried on by the Erie.

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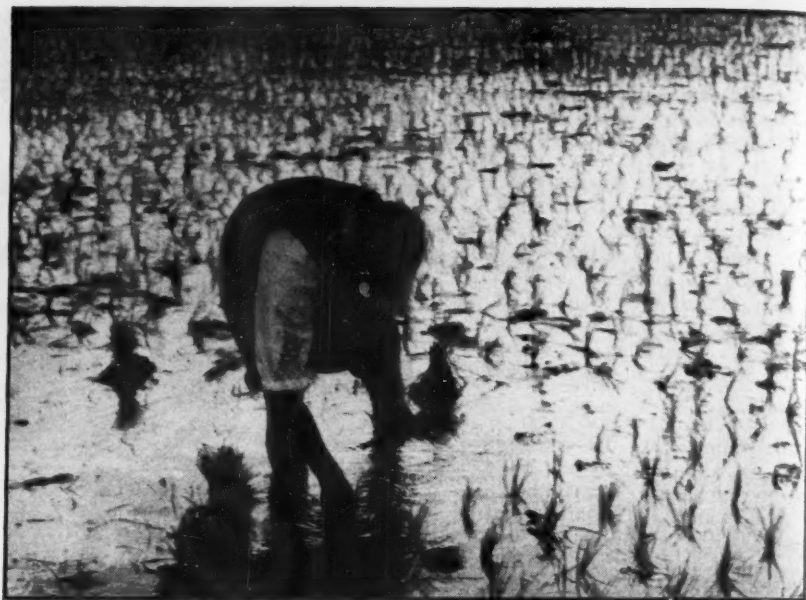
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THIS OPPRESSED PEASANT may turn to communism because . . .

Land Reform Is China's Crying Need

It's the only way to check the Red influence. Experts have blueprints ready—but Chiang's government isn't doing anything.

NANKING—Last week three Chinese and two Americans set out on a Herculean task. They are the members of the joint committee set up under the China Aid Act to reconstruct China's vast rural community.

Their orders include recommendations for modernizing China's feudal agriculture, for introducing irrigation systems, health, education, and new marketing techniques. But, most important of all, the committee members were to "consult with the Chinese government concerning ways . . . of . . . carrying out land reform. . ."

• **Poverty**—Without land reform there is little hope of removing the Communist threat to China. Millions of peasants are now living in conditions of abject poverty, tailor-made for Communist missionaries. As long as the U. S. keeps a finger in the dike, a flood of communism may be checked. But if land reforms aren't carried out soon to win the peasants support, democracy's cause is lost (BW—Jul. 10 '48, p. 97).

Will Chiang Kai-shek's government go along with the committee? So far it has ignored the situation.

In fact, it is making a bad matter worse. It is levying oppressive taxes; condoning high land rents; and ruthlessly conscripting able-bodied peasants for the Nationalist armies.

• **Exodus**—These measures have lost the government all semblance of willing support from the peasants. Worse still,

they have driven Chinese farmers from the soil in droves. It is estimated that several hundred thousand acres of rice land have been abandoned in the past few months.

Bargemen and boatmen who get the peasants' rice to the big city markets have fared no better. They, too, are taking to the hills—to escape being impressed into government service with their craft—either with no pay or at rates too low to cover expenses. Yet the Ministry of Food recently proposed that some of the China Aid Fund be used to buy 30 steel barges and five tugboats for the internal transportation of rice. No one suggested how to get back the services of the transportation already at hand.

• **Blueprint**—The need for land reform is not new in China. The downfall of every dynasty in China's history has begun with peasant uprisings for land ownership and less taxation. Sun Yat-Sen, father of the Chinese Republic, promised the peasants land, willed the promise to his successors in the Kuomintang. But the Kuomintang looked the other way.

The Chinese government today, with the help of the dollars the U. S. has already committed, could lick the problem for once and for all. That's the opinion of an American industrial engineer—an old China hand—who has given the idea of land reform long and careful study. He forwarded a scheme

recently to the State Department through Ambassador J. Leighton Stuart. His or similar programs are backed by several ex-government officials in China, including the former governor of the Central Bank of China.

• **How It Would Work**—Here are the major elements of the plan:

Land should be purchased from absentee landlords and landlords with holdings in excess of their needs under a fair evaluation scheme. It should be sold on long-term credits to the peasants who actually till the soil.

The landowners should be paid in special land bonds having a U. S. dollar value. These bonds would be backed up with long-term land reform loans from the U. S. to the Chinese government.

The actual dollars loaned could be used for industrial projects, especially those benefiting agriculture, such as irrigation projects, fertilizer and agricultural machinery plants. Each industry would be a special enterprise in the form of a stock company. Former landowners would be invited to exchange their land bonds for shares in the new industries. This would give a new outlet for their interests and talents. Except in rare circumstances they should be prohibited from cashing in their land bonds for free dollars.

The land distribution program should be under joint Chinese-American supervision. The U. S. could supply managerial skill until enough Chinese could be trained to run the program.

• **Chinese Cooperation**—It is estimated that such a program could be carried out in a Chinese province—say Kiangsi—for about \$100-million. The money could be made available from current ECA appropriations.

This kind of program, of course, would call for complete cooperation from the Chinese government. The tax system would have to be revised. Warehousing and transportation would have to be improved. But these things could be done without U. S. dollars.

• **Land Reform Comes First**—Land reform is the only sure way of building a bulwark in China against communism. And until a land reform is implemented, questions of building up China's industry are strictly academic. Today about 80% of China's population gets its living off the land.

With minor exceptions none of China's present industrial plant was produced in China. Well over half was simply taken over from the Japanese in the north, northeast, and on Taiwan (Formosa). Moreover, it cannot be serviced or expanded from within. It is wholly dependent, even for replacement parts, on imports.

The old dream of the economic development of China must wait on the solution of China's land problem.

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THE TREND

Uncle Sam's Payroll

A businessman knows how important it is to keep tabs on his company's payroll. By doing so, he is checking on an important expense item. He is also able to determine the efficiency of his labor to some extent. He can spot departments or divisions that are overstaffed or understaffed.

At the same time, much of the money he pays out in the form of federal taxes goes for payroll purposes. The money is used to meet Uncle Sam's payroll. But the businessman taxpayer can only wonder whether the money is being spent prudently or wastefully.

He might be puzzled as we were recently when we looked over a consolidated table of federal personnel employed during March, 1948, and a comparison with February. It showed a total of 1,184,916 employed in March in executive departments and independent agencies (exclusive of the military establishment). This was a net increase of 7,838 over February.

What caused the change? No single thing apparently was responsible. In fact, there was no uniformity at all over the list of bureaus. Some were up, some were down in size.

The Post Office Department, for example, had a net increase of 9,744 people. We don't recall any startling increase in postal business at that time, or any new services established requiring as many people as that. So it makes us wonder—and hope—that somebody in Washington who has something to say about such matters knows why there was such a large increase.

We assume that the Bureau of the Budget is the agency which is supposed to keep track of government spending. It too had an increase in personnel. But it grew only from 603 to 605 persons. It is the only one agency on the list where we think a larger expansion might be justified.

There were decreases, too. The Veterans' Administration had the biggest personnel cut—4,023 people. But, with more than 200,000 employees, it held its place as second to the Post Office Department in size. The War Assets Administration lopped off 3,585 persons. That reduction, though, still left WAA with 25,700 persons on its payroll in March. It sounds like a high figure for an agency that is supposed to be going out of business.

A study of Uncle Sam's payroll also raises other interesting questions. Take a look at the difference in size of personnel by two important transportation bodies. One is the Interstate Commerce Commission; the other is the Maritime Commission. In February, the ICC, which has jurisdiction over all of the railroads of the U. S., employed 2,257 people. The Maritime Commission, which has the shipping industry (a much smaller segment of all transportation than railroads) under its wing, employed 6,948 people. So Uncle Sam in this instance hires more than three times as many people apparently to do a

much smaller job. During March, the ICC added eight people to its staff, while the Maritime Commission put on 156 more.

Much to our surprise, the Philippine War Damage Commission is adding employees. We wonder whether this is not the time to be reducing personnel for an agency whose job should be pretty well done by this time.

Those questions and others bothered us as we looked over the federal payroll list. Ordinarily we would never expect to get an answer to some of these perplexing problems about government personnel. But we expect to have all of these personnel problems and many more analyzed by the Commission on Reorganization of the Executive Branch.

That is the bipartisan group headed by ex-President Herbert Hoover.

The task undertaken by Mr. Hoover and his commission is important and challenging. The recommendation of that body should provide the groundwork for a genuine reorganization of government, with assurances of a more efficient administration and dollar savings to all taxpayers.

Filing Social Security Returns

The Bureau of Old Age and Survivors Insurance is the federal agency responsible for administering the social security insurance program. It needs accurate information to do its job right.

Businessmen who provide the old-age and survivors insurance figures should do so with care. Those who furnish reliable figures will do their part as good citizens in two obvious ways (1) prevent improper payment of benefits; and (2) lessen the need for making expensive adjustments of individual accounts.

There is another reason for filing correct returns of especial value to businessmen. The figures from the returns are used for compiling statistics for use in market research and other business planning. The Dept. of Commerce recently published such data for the first quarter of 1946.

That is why it is important to file accurate returns on the so-called SS-Ia form. Particular attention should be given to the item which asks for the number of persons employed during the pay period which ended nearest to the 15th of the third month in the quarter. The figure should include all employees on your payroll whose services are covered by the Social Security Act. However, the figure should exclude persons who received no compensation during that pay period, pensioners, and others not on the active list.

Businessmen will help themselves and others by doing a good reporting job.

